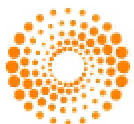
PARTNERRE LTD (PAA)

10-K

Annual report pursuant to section 13 and 15(d)
Filed on 02/28/2011
Filed Period 12/31/2010



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

FORM 10-K

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

For the fiscal year ended December 31, 2010

OR

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

For the transition period from to

Commission file number 1-14536

PartnerRe Ltd.
(Exact name of registrant as specified in its charter)

Bermuda	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
90 Pitts Bay Road, Pembroke, Bermuda	**HM 08**
(Address of principal executive offices)	**(Zip Code)**

(441) 292-0888

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, $1.00 par value	**New York Stock Exchange, NYSE Euronext Paris, Bermuda Stock Exchange**
6.75% Series C Cumulative Preferred Shares, $1.00 par value	**New York Stock Exchange**
6.50% Series D Cumulative Preferred Shares, $1.00 par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant as of most recently completed second fiscal quarter (June 30, 2010) was $5,265,430,772 based on the closing sales price of the registrant's common shares of $70.14 on that date.

The number of the registrant's common shares (par value $1.00 per share) outstanding, net of treasury shares, as of February 22, 2011 was 67,553,253.

Documents Incorporated by Reference:

Document	**Part(s) Into Which Incorporated**

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, relating to the registrant's Annual General Meeting of Shareholders scheduled to be held May 19, 2011 are incorporated by reference into Part II and Part III of this report. With the exception of the portions of the Proxy Statement specifically incorporated herein by reference, the Proxy Statement is not deemed to be filed as part of this report.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

PartnerRe Ltd. has made statements under the captions Business, Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operation, and in other sections of this annual report on Form 10-K that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors described under the caption entitled Risk Factors. You should specifically consider the numerous risks outlined under Risk Factors.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We are under no duty to update any of these forward-looking statements after the date of this annual report on Form 10-K to conform our prior statements to actual results or revised expectations.

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PART I

ITEM 1. BUSINESS

General

PartnerRe Ltd. (the Company or PartnerRe), incorporated in Bermuda in August 1993, is the ultimate holding company for our international reinsurance group. The Company provides reinsurance on a worldwide basis through its wholly owned subsidiaries, including Partner Reinsurance Company Ltd. (PartnerRe Bermuda), Partner Reinsurance Europe Limited (PartnerRe Europe) and Partner Reinsurance Company of the U.S. (PartnerRe U.S.). Risks reinsured include, but are not limited to, property, casualty, motor, agriculture, aviation/space, catastrophe, credit/surety, engineering, energy, marine, specialty property, specialty casualty, multiline and other lines and mortality, longevity and health. The Company also offers alternative risk products that include weather and credit protection to financial, industrial and service companies on a worldwide basis.

The Company was initially formed to capitalize on a void of capacity in the catastrophe reinsurance market following the significant devastation wrought by Hurricane Andrew in 1992 and the concurrent difficulties being faced by Lloyds of London. After raising nearly $1 billion with its initial public offering, the Company became one of the premier catastrophe reinsurers on a global basis, with acknowledged underwriting skills and disciplined risk management principles.

In 1997, recognizing the limits of a continued monoline strategy, the Company shifted its strategic focus to execute a plan to become a leading multiline reinsurer. Through both organic growth and strategic acquisitions, the Company moved to capitalize on the benefits of diversification—both in terms of geography and business lines. In July 1997, the Company completed the acquisition of SAFR (subsequently renamed PartnerRe SA), a well-established global professional reinsurer based in Paris. In December 1998, the Company completed the acquisition of the reinsurance operations of Winterthur Re, further enhancing the Company's expansion strategy.

In November 2005, the European Parliament adopted Directive 2005/68/EC, the European Union Reinsurance Directive (Reinsurance Directive). The Reinsurance Directive seeks to harmonize the supervision of reinsurance business within the European Union by creating a single regulated market. To ensure operational efficiency, the Company determined that it was in its best commercial interests to restructure its European operations to create a single operating platform in Europe and that the appropriate entity to operate as such single operating platform was its Irish reinsurance subsidiary, PartnerRe Europe. This reorganization occurred on January 1, 2008.

In December 2009, the Company completed its acquisition of PARIS RE Holdings Limited (Paris Re), a French-listed, Swiss-based holding company and its operating subsidiaries. The Consolidated Statements of Operations and Cash Flows include the results of Paris Re for the period from October 2, 2009, the date of acquisition of the controlling interest (Acquisition Date). This acquisition provides the Company with a stronger global platform resulting in more balance and stability in the increasingly volatile financial and reinsurance markets.

On December 7, 2009, PartnerRe successfully cross-listed PartnerRe common shares on NYSE Euronext Paris, under the ticker symbol PRE. As such the Company is subject to the rules and regulations of Autorité des Marches Financiers. PartnerRe common shares continue to be listed on the New York Stock Exchange (the NYSE) in the United States and the Bermuda Stock Exchange (the BSX) in Bermuda, under the ticker symbol PRE, and PartnerRe remains subject to the rules and regulations of the NYSE, the U.S. Securities and Exchange Commission and the BSX.

During 2010, Paris Re's operating subsidiaries and business were integrated into the Company's existing operating structure.

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Business Strategy

The Company assumes and manages global re/insurance and capital markets risks. Its strategy is founded on a capital-based risk appetite and the selected risks that Management believes will allow the Company to meet its goals for appropriate profitability and risk management within that appetite. Management believes that this construct allows the Company to balance cedants' need for absolute certainty of claims payment with its shareholders' need for an appropriate return on their capital. Operating return on beginning shareholders' equity (Operating ROE) and growth in diluted book value per common shares and common share equivalents outstanding (Diluted Book Value per Share) are two of the key metrics used by Management to measure the Company's results. Consequently, the Company has set a goal of an average 13% Operating ROE and a compound annual growth rate of 10% in Diluted Book Value per Share after the payment of dividends over a reinsurance cycle. Operating ROE is obtained by dividing operating earnings or loss available to common shareholders (Operating Earnings or Loss) by common shareholders' equity at the beginning of the year. Operating Earnings or Loss is defined as net income or loss available to common shareholders excluding net realized and unrealized gains or losses on investments, net of tax, net realized gain on purchase of capital efficient notes (CENts), net of tax, and net interest in earnings or losses of equity investments, net of tax, where the Company does not control the investee companies' activities, and is calculated after preferred dividends. Diluted Book Value per Share is calculated using common shareholders' equity (shareholders' equity less the aggregate liquidation value of preferred shares), divided by the number of fully diluted common shares and common share equivalents outstanding (assuming exercise of all stock-based awards and other dilutive securities). See Key Financial Measures in Item 7 of Part II of this report for a detailed discussion of the measures used by the Company to evaluate its financial performance.

The Company has adopted the following five-point strategy:

Diversify risk across products, assets and geographies: PartnerRe writes most lines of business in approximately 150 countries worldwide. The Company's geographic spread of premiums mirrors that of the global insurance industry. Management believes diversification is a competitive advantage, which increases return per unit of risk, provides access to reinsurance business opportunities worldwide, and reduces the overall volatility of results. It is also the cornerstone of the Company's risk management approach. The reinsurance business is cyclical, but cycles by line of business and by geography are rarely synchronized. This diversification strategy allows the Company to rapidly deploy capital to risk classes and geographies that offer the greatest return over time.

Maintain a risk appetite moderately above the market: PartnerRe is in the business of assuming risk for an appropriate return. The Company's products address accumulation risks, complex coverage issues and large exposures faced by clients. The Company's willingness and ability to assume these risks make PartnerRe an important reinsurer to many of the world's insurance companies. The Company seeks to focus its book of business on those lines of business and market segments where it perceives greatest potential for profit over time. This means a high proportion of the business written by the Company is in severity lines of business such as casualty, catastrophe, specialized property and aviation, although the Company also writes frequency lines of business such as property, motor and life, which have historically provided modestly lower levels of returns with less volatility.

Actively manage capital across the portfolio and over the cycle: PartnerRe seeks to manage its capital to optimize shareholder returns over the cycle. In order to manage capital across a portfolio and over a cycle, the Company believes two things are critical: an appropriate and common measure of risk-adjusted performance and the ability and willingness to redeploy capital for its most efficient and effective use, either within the business or by return to the shareholders. To achieve effective and efficient capital allocation, the Company has an intense focus on operating return on beginning shareholders' equity. This discipline and focus, supported by strong actuarial and financial analysis, allows the Company to make well-informed decisions at the underwriting and pricing level, as well as in the allocation of capital within its portfolio of reinsurance businesses and within pre-established risk limits.

Add value through underwriting and transactional excellence: Underwriting and transactional excellence is achieved in three principal ways: through the quality of the Company's people, the structure they operate in, and the effectiveness of various processes and tools. Maintaining continuity and depth in the Company's management, underwriting, actuarial and financial areas is critical to maintaining an independent view of risk, a core part of the strategy. Equally important, the Company believes, is organizing its operations around geography, lines of business, distribution or client characteristics, and providing and building the right infrastructure to continually improve its capabilities in all transactional areas: underwriting, financial reporting and controls, reserving, pricing and claims.

Achieve superior returns on invested assets in the context of a disciplined risk framework: Strong underwriting must be complemented with prudent financial management, careful reserving and superior asset management in order to achieve the Company's targeted returns. The Company is committed to maintaining a strong and transparent balance sheet and achieving superior investment returns by gradually expanding its investment portfolio into new risk classes, many of which have more connection with capital markets than with traditional reinsurance markets. The Company assumes investment risk according to the same principles used for reinsurance underwriting, including diversification.

Reinsurance Operations

General

The Company provides reinsurance for its clients in approximately 150 countries around the world. Through its branches and subsidiaries, the Company provides reinsurance of non-life and life risks of ceding companies (primary insurers, cedants or reinsureds) on either a proportional or non-proportional basis through treaties or facultative reinsurance. The Company's offices are located in Beijing, Bermuda, Dublin, Greenwich (Connecticut), Hong Kong, Labuan, Mexico City, Miami, Montreal, New York, Paris, Santiago, Sao Paulo, Seoul, Singapore, Tokyo, Toronto, Washington, D.C., Zug and Zurich.

In a proportional reinsurance arrangement (also known as pro-rata reinsurance, quota-share reinsurance or participating reinsurance), the reinsurer shares a proportional part of the original premiums of the reinsured. In return, the reinsurer assumes a proportional share of the losses incurred by the cedant. The reinsurer pays the ceding company a commission, which is generally based on the ceding company's cost of acquiring the business being reinsured (including commissions, premium taxes, assessments and miscellaneous administrative expenses) and may also include a profit.

Non-proportional (or excess of loss) reinsurance indemnifies the reinsured against all or a specified portion of losses on underlying insurance policies in excess of a specified amount, which is called a level, retention or attachment point. Non-proportional business is written in layers and a reinsurer or group of reinsurers accepts a band of coverage up to a specified amount. The total coverage purchased by the cedant is referred to as a program and is typically placed with predetermined reinsurers in pre-negotiated layers. Any liability exceeding the upper limit of the program reverts to the ceding company.

Facultative reinsurance (proportional or non-proportional) is the reinsurance of individual risks. The reinsurer separately rates and underwrites each risk rather than assuming all or a portion of a class of risks as in the case of treaty reinsurance.

The Company monitors the performance of its operations in three segments, Non-life, Life and Corporate & Other. The Non-life segment is further divided into four sub-segments, North America, Global (Non-U.S.) Property and Casualty (Global (Non-U.S.) P&C), Global (Non-U.S.) Specialty and Catastrophe. Segments and sub-segments represent markets that are reasonably homogeneous in terms of geography, client types, buying patterns, underlying risk patterns and approach to risk management. During the fourth quarter of 2010, the Company redefined its financial reporting segments following the completion of its integration of Paris Re into

its other Non-life sub-segments and changes in management responsibilities for certain lines of business and treaties. As a result, segment data for prior periods has been recast to conform to the current year presentation (see Note 22 to Consolidated Financial Statements in Item 8 of Part II of this report).

The North America sub-segment includes agriculture, casualty, motor, multiline, property, surety and other risks generally originating in the United States. The Global (Non- U.S.) P&C sub-segment includes casualty, motor and property business generally originating outside of the United States. The Global (Non- U.S.) Specialty sub-segment is comprised of business that is generally considered to be specialized due to the sophisticated technical underwriting required to analyze risks, and is global in nature. This sub-segment consists of several lines of business for which the Company believes it has developed specialized knowledge and underwriting capabilities. These lines of business include agriculture, aviation/space, credit/surety, energy, engineering, marine, specialty casualty, specialty property and other lines. The Catastrophe sub-segment is comprised of the Company's catastrophe line of business. The Life segment includes mortality, longevity and health lines of business. Corporate and Other is comprised of the capital markets and investment related activities of the Company, including principal finance transactions, insurance-linked securities and strategic investments, and its corporate activities, including other operating expenses.

Agriculture—The Company reinsures, primarily on a proportional basis, agricultural yield and price/revenue risks related to flood, drought, hail and disease related to crops, livestock and aquaculture.

Aviation/Space—The Company provides specialized reinsurance protection for airline, general aviation and space insurance business primarily on a proportional basis and through facultative arrangements. Its space business relates to coverages for satellite assembly, launch and operation for commercial space programs.

Casualty—The Company's casualty business includes third party liability, employers' liability, workers' compensation and personal accident coverages written on both a proportional and non-proportional basis, including structured reinsurance of casualty risks.

Catastrophe—The Company provides property catastrophe reinsurance protection, written primarily on a non-proportional basis, against the accumulation of losses caused by windstorm, earthquake, tropical cyclone, flood or by any other natural hazard that is covered under a comprehensive property policy. Through the use of underwriting tools based on proprietary computer models developed by its research team, the Company combines natural science with highly professional underwriting skills in order to offer capacity at a price commensurate with the risk.

Credit/Surety—Credit reinsurance, written primarily on a proportional basis, provides coverage to commercial credit insurers, and the surety line relates primarily to bonds and other forms of security written by specialized surety insurers.

Energy (Energy Onshore)—The Company provides reinsurance coverage for the onshore oil and gas industry, mining, power generation and pharmaceutical operations primarily on a proportional basis and through facultative arrangements.

Engineering—The Company provides reinsurance for engineering projects throughout the world, predominantly on a proportional treaty basis and through facultative arrangements.

Marine (Marine/Energy Offshore)—The Company provides reinsurance protection and technical services relating to marine hull, cargo, transit and offshore oil and gas operations on a proportional or non-proportional basis.

Motor—The Company's motor business includes reinsurance coverages for third party liability and property damage risks arising from both passenger and commercial fleet automobile coverages written by cedants. This business is written predominantly on a proportional basis.

Multiline—The Company's multiline business provides both property and casualty reinsurance coverages written on both a proportional and non-proportional basis.

Property—Property business provides reinsurance coverage to insurers for property damage or business interruption losses resulting from fires, catastrophes and other perils covered in industrial and commercial property and homeowners' policies and is written on both a proportional and non-proportional basis, including structured reinsurance of property risks. The Company's most significant exposure is typically to losses from windstorm and earthquake, although the Company is exposed to losses from sources as diverse as freezes, riots, floods, industrial explosions, fires, hail and a number of other loss events. The Company's predominant exposure under these property coverages is to property damage. However, other risks, including business interruption and other non-property losses may also be covered under a property reinsurance contract when arising from a covered peril. In accordance with market practice, the Company's property reinsurance treaties generally exclude certain risks such as war, nuclear, biological and chemical contamination, radiation and environmental pollution.

Specialty Casualty—The Company provides specialized reinsurance protection for non-U.S. casualty business that requires specialized underwriting expertise due to the nature of the underlying risk or the complexity of the reinsurance treaty. This reinsurance protection is offered on a proportional, non-proportional or facultative basis.

Specialty Property—The Company provides specialized reinsurance protection for non-U.S. property business that requires specialized underwriting expertise due to the nature of the underlying risk or the complexity of the reinsurance treaty. This reinsurance protection is offered on a proportional, non-proportional or facultative basis.

Mortality/Longevity and Health—Mortality treaties provide reinsurance coverage to primary life insurers and pension funds with respect to individual and group mortality and health risks. Longevity treaties provide reinsurance coverage to insurers who issue annuity contracts offering long-term retirement benefits to consumers who seek protection against outliving their financial resources. Mortality business is written primarily on a proportional basis through treaty arrangements.

The Company's business is produced both through brokers and through direct relationships with insurance companies. In North America, business is primarily written through brokers, while in the rest of the world, the business is written on both a direct and broker basis.

For the year ended December 31, 2010, the Company had two brokers that individually accounted for 10% or more of its gross premiums written. The Aon Group (including the Benfield Group) accounted for approximately 25% of total gross premiums written, while Marsh (including Guy Carpenter) accounted for approximately 21% of total gross premiums written. The following table summarizes the percentage of gross premiums written through these two brokers by segment and sub-segment for the year ended December 31, 2010:

Non-life	
North America	77%
Global (Non- U.S.) P&C	32
Global (Non- U.S.) Specialty	37
Catastrophe	70
Life	15

The Company's business is geographically diversified with premiums being written in approximately 150 countries. See Note 22 to Consolidated Financial Statements in Item 8 of Part II of this report for additional disclosure of the geographic distribution of gross premiums written and financial information about segments and sub-segments.

Summary of certain agreements between AXA SA, Colisée Re and Paris Re

On December 21, 2006, Colisée Re (formerly known as AXA RE), a subsidiary of AXA SA (AXA) transferred substantially all of its assets and liabilities, other than specified reinsurance and retrocession agreements and certain other excluded assets and liabilities, to PARIS RE Holdings SA's French operating subsidiary Paris Re (Paris Re France) (AXA Transfer). The AXA Transfer was immediately followed by the acquisition, which consisted of the indirect acquisition by Paris Re of all the outstanding capital stock of Paris Re France (AXA Acquisition). In connection with the AXA Acquisition, AXA, Colisée Re and Paris Re entered into various agreements (2006 Acquisition Agreements).

On October 1, 2010, PartnerRe Europe and Paris Re France effected a cross border merger whereby all the assets and liabilities of Paris Re were transferred to PartnerRe Europe, including the 2006 Acquisition Agreements. The following provides a summary of certain agreements entered into by Paris Re, Paris Re France, AXA SA and Colisée Re however references to Paris Re France should now, as a result of the aforementioned merger, be to PartnerRe Europe.

2006 Acquisition Agreements

The following are the principal agreements entered into between Paris Re France, and its affiliates, and Colisée Re, and its affiliates, to give effect to the AXA Acquisition:

Quota Share Retrocession Agreement

In connection with the AXA Acquisition, the transfer of the benefits and risks of Colisée Re's reinsurance agreements to Paris Re France was effected by two 100% quota share retrocession agreements. One quota share retrocession agreement is between Colisée Re and Paris Re France, and the other, which relates exclusively to business written by the Canadian branch of Colisée Re, is between the Canadian branch of Colisée Re and the Canadian branch of Paris Re France (now Canadian non-life branch of PartnerRe Europe). These two agreements, dated as of the closing of the AXA Acquisition, are effective as of January 1, 2006, and are on substantially similar terms (collectively, Quota Share Retrocession Agreement). The Quota Share Retrocession Agreement provides for the payment of premiums to Paris Re France (including its then Canadian branch) by Colisée Re as consideration for reinsuring the covered liabilities. The Quota Share Retrocession Agreement provides that these premiums will be on a funds withheld basis. Paris Re France will receive any surplus, and be responsible for any deficits remaining with respect to the Funds Held – Directly Managed Account discussed below, after all liabilities have been discharged and payments pursuant to the Reserve Agreement (defined below) have been settled. In addition, every quarter Colisée Re will release to Paris Re France any investment income, or Paris Re France will pay to Colisée Re an amount equal to any investment loss, as the case may be, generated by the funds held.

Issuance Agreement and Claims Management and Services Agreement

To enable Paris Re France (including its Canadian branch) to write business after the closing of the AXA Acquisition, Colisée Re agreed, pursuant to an issuance agreement entered into between Colisée Re and Paris Re France on the closing of the AXA Acquisition (Issuance Agreement) to write business on behalf of Paris Re France for a specified period which ended on September 30, 2007. The Issuance Agreement provides for indemnification by Paris Re France to Colisée Re for any loss incurred by Colisée Re in connection with the performance of its obligations, except to the extent the loss results from fraud, willful misconduct or gross negligence of, or a material breach of the agreement by, Colisée Re. On the closing of the AXA Acquisition, Paris Re France and Colisée Re also entered into a claims management and services agreement (Claims Management and Services Agreement). The Claims Management and Services Agreement specifies certain services, including claims management, to be provided by Paris Re France in respect of the business that is covered by the Quota Share Retrocession Agreement and that was written by Colisée Re from January 1, 2006 to

the closing of the AXA Acquisition as well as contracts Colisée Re has issued for the benefit of Paris Re France under the Issuance Agreement. Pursuant to the Claims Management and Services Agreement, Paris Re France manages the retrocession agreements that relate to this business.

Reserve Agreement and Run Off Services and Management Agreement

On the closing of the AXA Acquisition, AXA, Colisée Re and Paris Re France entered into a reserve agreement (Reserve Agreement). The Reserve Agreement provides that AXA and Colisée Re shall guarantee reserves in respect of Paris Re France and subsidiaries acquired in the AXA Acquisition. The Reserve Agreement covers losses incurred prior to December 31, 2005, including any adverse development in respect thereof, by Paris Re France, and the subsidiaries of Colisée Re transferred to Paris Re France as part of the 2006 Acquisition Agreements, in respect of reinsurance policies issued or renewed, and in respect of which premiums were earned, on or prior to December 31, 2005 (but excluding any amendments thereto effected after the closing of the 2006 Acquisition Agreements).

Pursuant to the Reserve Agreement, AXA has agreed to cause AXA Liabilities Managers, an affiliate of Colisée Re (AXA LM), to provide Paris Re France with periodic reports setting forth the amount of losses incurred in respect of the business guaranteed by AXA. The reserve guarantee provided by AXA and Colisée Re is conditioned upon, among other things, the guaranteed business, including all related ceded reinsurance, being managed by AXA LM. The Reserve Agreement further contemplates that Colisée Re or Paris Re France, as the case may be, shall pay to the other party amounts equal to any deficiency or surplus in the transferred reserves with respect to losses incurred, such losses being net of any recovery by Colisée Re including through retrocessional protection, salvage or subrogation.

The rights and obligations of AXA LM with respect to the management of this business are set forth in a run off services and management agreement among AXA LM, Colisée Re and Paris Re France (Run Off Services and Management Agreement). Under the Run Off Services and Management Agreement, Paris Re has agreed that AXA LM will manage claims arising from all reinsurance and retrocession contracts subject to the Reserve Agreement, either directly or, for contracts that were issued by certain Colisée Re entities identified in the agreement, by delegation to certain other specified entities, including Paris Re France. This includes contract administration, the administration of ceded reinsurance, claims handling, settlements and business commutations. Although Paris Re France has certain consultation rights in connection with the management of the run-off of the contracts subject to the Reserve Agreement, AXA LM does not need to obtain Paris Re France's prior consent in connection with claims handling and settlements, and no consent is required for business commutations if the amount of case reserves related to commuted contracts does not exceed €100 million in any twelve month period.

Funds Held - Directly Managed Account

Following the AXA Acquisition, Paris Re and its subsidiaries entered into the Issuance Agreement and Quota Share Retrocession Agreement to assume business written by Colisée Re from January 1, 2006 to September 30, 2007 as well as the in-force business as of December 31, 2005. The agreements provided that the premium related to the transferred business was retained by Colisée Re and credited to a funds held account. The assets underlying the funds held—directly managed account were predominantly maintained by Colisée Re in a segregated investment portfolio and managed by the Company. On February 1, 2011, PartnerRe Europe (formerly Paris Re France prior to the aforementioned cross border merger with PartnerRe Europe), entered into an Endorsement to Quota Share Retrocession Agreement (the Endorsement) with Colisée Re. The Endorsement amends certain terms of the Quota Share Retrocession Agreement and sets out the basis on which the parties have agreed that certain assets currently forming part of the funds held—directly managed account will be released to PartnerRe Europe. The segregated investment portfolio underlying the funds held—directly managed account is carried at fair value. Realized and unrealized investment gains and losses and net investment income related to the underlying investment portfolio in the funds held—directly managed account inure to the benefit of Paris Re. The composition of this portfolio at December 31, 2010 and 2009 is discussed in Financial Condition, Liquidity and Capital Resources—Funds Held—Directly Managed in Item 7 of Part II of this report and net

investment income and realized and unrealized investment gains and losses recognized from the Acquisition Date are discussed in Corporate and Other—Net investment income and Net Realized and Unrealized Investment Gains (Losses) in Item 7 of Part II of this report. The credit risk of Colisée Re in the event of its insolvency or its failure to honor the value of the funds held balances for any other reason is discussed in Quantitative and Qualitative Disclosures About Market Risk—Counterparty Credit Risk in Item 7A of Part II of this report.

Risk Management, Underwriting, Underwriting Risk and Exposure Controls, Retrocessions and Claims

Risk Management

In the reinsurance industry, the core of the business model is the assumption of risk. Hence, risk management entails both the determination of an optimum risk-adjusted appetite for assumed business risks, and the reduction or mitigation of risks for which the organization is either not sufficiently compensated, or those risks that could threaten the ability of the Company to achieve its objectives.

All business decisions entail a risk/return trade-off. In the context of assumed business risks, this requires an accurate evaluation of risks to be assumed, and a determination of the appropriate economic returns required as fair compensation for such risks. For other than voluntarily assumed business risks, the decision relates to comparing the probability and potential severity of a risk event against the costs of risk mitigation strategies. In many cases, the potential impact of a risk event is so severe as to warrant significant, and potentially expensive, risk mitigation strategies. In other cases, the probability and potential severity of a risk does not warrant extensive risk mitigation.

The Company sets its appetite for assumed business risks in order to provide value to its clients and adequate risk-adjusted returns to its shareholders, without overexposing the Company to any one or series of related risks. Assumed business risks are mitigated to the extent the risk mitigation strategies provide a positive return on the Company's investment.

The Company utilizes a multi-level risk management structure, whereby critical exposure limits, return requirement guidelines, capital at risk and key policies are established by the Executive Management and Board of Directors (Board), but day-to-day execution of risk assumption activities and related risk mitigation strategies are delegated to the business units. Reporting on risk management activities is integrated within the Company's annual planning process, quarterly operations reports, periodic reports on exposures and large losses, and presentations to the Executive Management and Board. Individual business units employ, and are responsible for reporting on, operating risk management procedures and controls, while the Corporate Audit Group periodically tests these controls to ensure ongoing compliance. See Other Key Issues of Management—Risk Management in Item 7 of Part II of this report for a detailed discussion of the Company's risk management.

Underwriting

The Company's underwriting is conducted through specialized underwriting teams with the support of technical staff in disciplines such as actuarial, claims, legal, risk management and finance.

The Company's underwriters generally speak the local language and/or are native to their country or area of specialization. They develop close working relationships with their ceding company counterparts and brokers through regular visits, gathering detailed information about the cedant's business and local market conditions and practices. As part of the underwriting process, the underwriters also focus on the reputation and quality of the proposed cedant, the likelihood of establishing a long-term relationship with the cedant, the geographic area in which the cedant does business and the cedant's market share, historical loss data for the cedant and, where available, historical loss data for the industry as a whole in the relevant regions, in order to compare the cedant's historical loss experience to industry averages, and to gauge the perceived insurance and reinsurance expertise and financial strength of the cedant. The Company trains its underwriters extensively and strives to maintain continuity of underwriters within specific geographic markets and areas of specialty.

Underwriting Risk and Exposure Controls

Because the Company underwrites volatile lines of business, such as catastrophe reinsurance, the operating results and financial condition of the Company can be adversely affected by catastrophes and other large losses that may give rise to claims under reinsurance coverages provided by the Company. The Company manages its exposure to catastrophic and other large losses by (i) attempting to limit its aggregate exposure on catastrophe reinsurance in any particular geographic zone, (ii) selective underwriting practices, (iii) diversification of risks by geographic area and by lines and classes of business, and (iv) to a limited extent by purchasing retrocessional reinsurance.

The Company generally underwrites risks with specified limits per treaty program. Like other reinsurance companies, the Company is exposed to multiple insured losses arising out of a single occurrence, whether a natural event such as hurricane, windstorm, flood or earthquake, or other man-made events. Any such catastrophic event could generate insured losses in one or many of the Company's reinsurance treaties and facultative contracts in one or more lines of business. The Company considers such event scenarios as part of its evaluation and monitoring of its aggregate exposures to catastrophic events.

Retrocessions

The Company uses retrocessional agreements to a limited extent to reduce its exposure on certain specialty reinsurance risks assumed and to mitigate the effect of any single major event or the frequency of medium-sized events. These agreements provide for recovery of a portion of losses and loss expenses from retrocessionaires. The bulk of the retrocessional agreements currently in place cover the property exposures, predominantly catastrophe risks. The Company also utilizes retrocessions in the Life segment to manage the amount of per-event and per-life risks to which it is exposed. Retrocessionaires are selected based on their financial condition and business practices, with stability, solvency and credit ratings being important criteria.

The Company remains liable to its cedants to the extent that the retrocessionaires do not meet their obligations under retrocessional agreements, and therefore retrocessions are subject to credit risk in all cases and to aggregate loss limits in certain cases. The Company holds collateral, including escrow funds, securities and letters of credit under certain retrocessional agreements. Provisions are made for amounts considered potentially uncollectible and reinsurance losses recoverable from retrocessionaires are reported after allowances for uncollectible amounts. At December 31, 2010, the Company had $363 million of reinsurance recoverables under such arrangements.

In addition to the retrocessional agreements, Paris Re France has a Reserve Agreement in place with Colisée Re. See Summary of certain agreements between AXA SA, Colisée Re and Paris Re France above.

Claims

In addition to managing and settling reported claims and consulting with ceding companies on claims matters, the Company conducts periodic audits of specific claims and the overall claims procedures at the offices of ceding companies. The Company attempts to evaluate the ceding company's claim adjusting techniques and reserve adequacy and whether it follows proper claims processing procedures. The Company also provides recommendations regarding procedures and processes to the ceding company.

Reserves

General

Loss reserves represent estimates of amounts an insurer or reinsurer ultimately expects to pay in the future on claims incurred at a given time, based on facts and circumstances known at the time that the loss reserves are established. It is possible that the total future payments may exceed, or be less than, such estimates. The estimates are not precise in that, among other things, they are based on predictions of future developments and

estimates of future trends in claim severity, frequency and other variable factors such as inflation. During the loss settlement period, it often becomes necessary to refine and adjust the estimates of liability on a claim either upward or downward. Despite such adjustments, the ultimate future liability may exceed or be less than the revised estimates.

As part of the reserving process, insurers and reinsurers review historical data and anticipate the impact of various factors such as legislative enactments and judicial decisions that may affect potential losses from casualty claims, changes in social and political attitudes that may increase exposure to losses, mortality and morbidity trends and trends in general economic conditions. This process assumes that past experience, adjusted for the effects of current developments, is an appropriate basis for anticipating future events.

See Critical Accounting Policies and Estimates in Item 7 of Part II of this report for a discussion of the Company's reserving process.

Reserve Agreement

See Summary of certain agreements between AXA SA, Colisée Re and Paris Re above.

Changes in Reserves

The below table shows the gross, retroceded and net reserves for unpaid losses and loss expenses for the Company's Non-life business, and the portion of the gross, retroceded and net reserves that relates to the reserves subject to the Reserve Agreement (Guaranteed Reserves), as of December 31, 2010 and 2009 (in thousands of U.S. dollars):

	2010	2009
Gross reserves	**$ 10,666,604**	$ 10,811,483
Less: Guaranteed Reserves	**1,287,576**	1,562,954
Gross reserves, excluding Guaranteed Reserves	**9,379,028**	9,248,529
Retroceded reserves	**348,747**	336,352
Less: Guaranteed Reserves	**48,099**	65,414
Retroceded reserves, excluding Guaranteed Reserves	**300,648**	270,938
Net reserves	**$ 10,317,857**	$ 10,475,131
Net reserves, excluding Guaranteed Reserves	**$ 9,078,380**	$ 8,977,591

The Guaranteed Reserves have been excluded from the following tables that analyze the development of the Company's net reserves for unpaid losses and loss expenses for the Company's Non-life business given the Reserve Agreement covers any adverse or favorable development related to the reserves acquired by Paris Re in the AXA acquisition, and therefore, they have no impact on the development of the Company's gross and net reserves for unpaid losses and loss expenses.

The following table shows the development of net reserves for unpaid losses and loss expenses for the Company's Non-life business, excluding Guaranteed Reserves. The table begins by showing the initial reported year-end gross and net reserves, including incurred but not reported (IBNR) reserves, recorded at the balance sheet date for each of the ten years presented.

The next section of the table shows the re-estimated amount of the initial reported net reserves, excluding Guaranteed Reserves, for up to ten subsequent years, based on experience at the end of each subsequent year. The re-estimated net liabilities reflect additional information, received from cedants or obtained through reviews of industry trends, regarding claims incurred prior to the end of the preceding financial year. A redundancy (or deficiency) arises when the re-estimation of reserves is less (or greater) than its estimation at the preceding year-

end. The cumulative redundancies (or deficiencies) reflect cumulative differences between the initial reported net reserves and the currently re-estimated net reserves. Annual changes in the estimates are reflected in the income statement for each year as the liabilities are re-estimated. Reserves denominated in foreign currencies are revalued at each year-end's foreign exchange rates.

The lower section of the table shows the portion of the initial year-end net reserves, excluding Guaranteed Reserves, that was paid (claims paid) as of the end of subsequent years. This section of the table provides an indication of the portion of the re-estimated net liability that is settled and is unlikely to develop in the future. Claims paid are converted to U.S. dollars at the average foreign exchange rates during the year of payment and are not revalued at the current year foreign exchange rates. Because claims paid in prior years are not revalued at the current year's foreign exchange rates, the difference between the cumulative claims paid at the end of any given year and the immediately previous year represents the claims paid during the year.

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Development of Loss and Loss Expense Reserves (Excluding Guaranteed Reserves subject to the Reserve Agreement)
(in thousands of U.S. dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 (1)	2010
Gross liability for unpaid losses and loss expenses, excluding Guaranteed Reserves	$2,386,032	$3,005,628	$3,658,416	$4,755,059	$5,766,629	$6,737,661	$6,870,785	$7,231,436	$7,510,666	$9,248,529	$9,379,028
Retroceded liability for unpaid losses and loss expenses, excluding Guaranteed Reserves	203,180	214,891	217,777	175,685	153,018	185,280	138,585	132,479	125,215	270,938	300,648
Net liability for unpaid losses and loss expenses, excluding Guaranteed Reserves	**$2,182,852**	**$2,790,737**	**$3,440,639**	**$4,579,374**	**$5,613,611**	**$6,552,381**	**$6,732,200**	**$7,098,957**	**$7,385,451**	**$8,977,591**	**$9,078,380**
Net liability re-estimated, excluding Guaranteed Reserves as of:											
One year later	2,111,483	3,035,309	3,806,231	4,688,964	5,006,767	6,602,832	6,715,107	6,343,714	7,076,796	8,354,221	
Two years later	2,302,284	3,310,898	3,975,926	4,301,161	5,044,922	6,618,112	6,165,297	6,009,194	6,686,926		
Three years later	2,489,601	3,456,250	3,781,574	4,373,992	5,092,289	6,168,445	5,897,044	5,674,509			
Four years later	2,611,045	3,326,527	3,894,500	4,494,182	4,845,644	6,002,031	5,645,132				
Five years later	2,513,123	3,433,887	4,019,813	4,315,702	4,731,856	5,802,799					
Six years later	2,617,775	3,528,665	3,918,380	4,264,865	4,595,232						
Seven years later	2,691,267	3,445,844	3,894,155	4,171,108							
Eight years later	2,624,838	3,446,683	3,822,959								
Nine years later	2,635,104	3,394,936									
Ten years later	2,594,527										
Cumulative net (deficiency) redundancy	**$ (411,675)**	**$ (604,199)**	**$ (382,320)**	**$ 408,266**	**$1,018,379**	**$ 749,582**	**$1,087,068**	**$1,424,448**	**$ 698,525**	**$ 623,370**	
Cumulative amount of net liability paid through:											
One year later	$ 615,276	$ 923,165	$1,126,882	$1,120,756	$1,250,534	$1,718,996	$1,473,964	$1,340,788	$1,716,798	$2,267,766	
Two years later	960,288	1,391,301	1,713,953	1,573,312	1,821,773	2,482,695	2,116,025	1,971,376	2,448,950		
Three years later	1,163,105	1,740,277	1,993,947	1,948,203	2,207,692	2,948,837	2,581,022	2,470,068			
Four years later	1,354,886	1,924,833	2,248,980	2,219,506	2,511,446	3,273,808	2,932,356				
Five years later	1,465,515	2,086,252	2,433,223	2,439,361	2,721,266	3,534,003					
Six years later	1,566,719	2,215,412	2,580,225	2,589,798	2,898,779						
Seven years later	1,643,075	2,314,918	2,694,079	2,717,665							
Eight years later	1,695,249	2,397,806	2,779,632								
Nine years later	1,756,028	2,463,518									
Ten years later	1,802,764										

(1) Paris Re's liability for unpaid losses and loss expenses is included as of December 31, 2009 for the first time. For years prior to 2009, this table excludes the reserves of the Paris Re companies acquired. Accordingly, the reserve development (net liability for unpaid losses and loss expenses at the end of the year, as originally estimated, less net liability for unpaid losses and loss expenses re-estimated as of subsequent years) for years prior to 2009 relates only to losses recorded by PartnerRe and subsidiaries not acquired in the Paris Re acquisition.

The following table provides a reconciliation of the Company's re-estimated gross year-end reserves with the re-estimated net year-end reserves as of December 31, 2010 provided above (in thousands of U.S. dollars):

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Reconciliation of gross reserves:										
Gross liability re-estimated, excluding Guaranteed Reserves	$2,830,323	$3,632,690	$4,041,521	$4,316,484	$4,705,875	$5,979,101	$5,753,655	$5,770,137	$6,801,249	$8,611,598
Re-estimated retroceded liability, excluding Guaranteed Reserves	235,796	237,754	218,562	145,376	110,643	176,302	108,523	95,628	114,323	257,377
Net liability re-estimated, excluding Guaranteed Reserves	$2,594,527	$3,394,936	$3,822,959	$4,171,108	$4,595,232	$5,802,799	$5,645,132	$5,674,509	$6,686,926	$8,354,221
Cumulative gross (deficiency) redundancy	**$ (444,291)**	**$ (627,062)**	**$ (383,105)**	**$ 438,575**	**$1,060,754**	**$ 758,560**	**$1,117,130**	**$1,461,299**	**$ 709,417**	**$ 636,931**

The Company's reserve development is composed of the change in ultimate losses from what the Company originally estimated as well as the impact of the foreign exchange revaluation on reserves. The Company conducts its reinsurance operations in a variety of non-U.S. currencies and records its net reserves in the currency of the treaty, with the principal exposures being the euro, British pound, Canadian dollar, Swiss franc and Singapore dollar. The impact of reporting the Company's net reserves based on the foreign exchange rates at the balance sheet date can be a significant component of the cumulative (deficiency) redundancy in net reserves and in some years can be the principal component. The following table provides the amount of foreign exchange included in the cumulative net (deficiency) redundancy reported above as well as the net (deficiency) redundancy excluding the impact of foreign exchange movements on net reserves (in thousands of U.S. dollars):

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Cumulative net (deficiency) redundancy	**$(411,675)**	**$(604,199)**	**$(382,320)**	**$ 408,266**	**$1,018,379**	**$ 749,582**	**$1,087,068**	**$1,424,448**	**$698,525**	**$623,370**
Less: Cumulative net (deficiency) redundancy due to foreign exchange	(280,989)	(482,068)	(443,577)	(212,615)	108,952	(426,754)	(193,653)	287,239	(89,238)	145,487
Cumulative net (deficiency) redundancy excluding the impact of foreign exchange	**$(130,686)**	**$(122,131)**	**$ 61,257**	**$ 620,881**	**$ 909,427**	**$1,176,336**	**$1,280,721**	**$1,137,209**	**$787,763**	**$477,883**

Movements in foreign exchange rates between accounting periods have typically resulted in significant variations in the loss reserves of the Company as the U.S. dollar, the Company's reporting currency, appreciated/depreciated against multiple currencies. The Company, however, generally holds investments in the same currencies as its net reserves, with the intent of matching the foreign exchange movements on its assets and liabilities. See Quantitative and Qualitative Disclosures about Market Risk contained in Item 7A of Part II of this report for a discussion of the foreign currency risk of the Company's assets and liabilities.

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The Company believes that in order to enhance the understanding of its reserve development, it is useful for investors to evaluate the Company's reserve development excluding the impact of foreign exchange. The following table shows the development of initial net reserves converted at each year's average foreign exchange rates (in thousands of U.S. dollars). Using the historical average foreign exchange rates for the development lines of the table has the effect of linking each year's development with that year's income statement. This table should not be considered as a substitute for the table provided above as it does not reflect a significant portion of the initial net reserve development that is due to foreign exchange revaluation.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Net liability for unpaid losses and loss expenses, excluding Guaranteed Reserves	**$2,182,852**	**$2,790,737**	**$3,440,639**	**$4,579,374**	**$5,613,611**	**$6,552,381**	**$6,732,200**	**$7,098,957**	**$7,385,451**	**$8,977,591**
Net liability re-estimated, excluding Guaranteed Reserves as of:										
One year later	2,174,981	2,846,855	3,496,102	4,440,338	5,382,101	6,300,633	6,318,157	6,681,021	6,899,642	8,499,708
Two years later	2,240,526	2,921,908	3,513,647	4,298,493	5,232,707	6,023,025	6,014,782	6,222,150	6,597,688	
Three years later	2,283,941	2,956,308	3,483,720	4,223,937	5,076,765	5,774,643	5,640,480	5,961,748		
Four years later	2,322,084	2,964,307	3,491,033	4,178,131	4,972,632	5,521,034	5,451,479			
Five years later	2,331,252	2,982,347	3,498,703	4,118,436	4,794,445	5,376,045				
Six years later	2,362,941	2,979,426	3,480,094	4,012,792	4,704,184					
Seven years later	2,353,910	2,963,708	3,418,353	3,958,493						
Eight years later	2,345,737	2,935,299	3,379,382							
Nine years later	2,329,860	2,912,868								
Ten years later	2,313,538									
Cumulative net (deficiency) redundancy	**$ (130,686)**	**$ (122,131)**	**$ 61,257**	**$ 620,881**	**$ 909,427**	**$1,176,336**	**$1,280,721**	**$1,137,209**	**$ 787,763**	**$ 477,883**

The following table summarizes the net incurred losses for the year ended December 31, 2010 relating to the current and prior accident years by sub-segment for the Company's Non-life operations (in millions of U.S. dollars):

	North America	Global (Non-U.S.) P&C	Global (Non-U.S.) Specialty	Catastrophe	Total Non-life segment
Net incurred losses related to:					
Current year	$ 742	$ 800	$ 1,156	$ 437	$ 3,135
Net prior years favorable reserve development	(165)	(98)	(171)	(44)	(478)
Total net incurred losses	**$ 577**	**$ 702**	**$ 985**	**$ 393**	**$ 2,657**

The net favorable loss development on prior accident years of $478 million for the year ended December 31, 2010 resulted from a reassessment of the Company's total Non-life reserves of approximately $485 million, predominately due to favorable loss emergence, as losses reported by cedants, including treaties where the risk period expired, were lower than expected. This decrease in the loss reserves was partially offset by $7 million related to change in exposure due to upward premium adjustments during the year ended December 31, 2010.

See Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of net prior year reserve development by sub-segment and Critical Accounting Policies and Estimates—Losses and Loss Expenses and Life Policy Benefits in Item 7 of Part II of this report for a discussion of the net prior year reserve development by reserving lines for the Company's Non-life and Life operations.

Other Exposures

The Company's reserve for unpaid losses and loss expenses as of December 31, 2010 includes reserves that are difficult to estimate using traditional reserving methodologies. See Critical Accounting Policies and Estimates—Losses and Loss Expenses and Life Policy Benefits in Item 7 of Part II of this report for additional information regarding the Company's exposure to claims arising from the recent financial crisis, as well as asbestos and environmental exposures.

There can be no assurance that the reserves established by the Company will not be adversely affected by development of other latent exposures, and further, there can be no assurance that the reserves established by the Company will be adequate. However, they represent Management's best estimate for ultimate losses based on available information at this time.

Investments and Funds Held—Directly Managed

The Company has developed specific investment objectives and guidelines for the management of its investment portfolio and the funds held – directly managed account. These objectives and guidelines stress diversification of risk, matching of the underlying liability payments, low credit risk and stability of portfolio income. Despite the prudent focus of these objectives and guidelines, the Company's investments are subject to general market risk, as well as to risks inherent in particular securities.

The Company's investment strategy is largely consistent with previous years. To ensure that the Company will have sufficient assets to pay its clients' claims, the Company's investment philosophy distinguishes between those assets, including the funds held – directly managed account, that are matched against existing liabilities (liability funds) and those that represent shareholders' equity (capital funds). Liability funds are invested in high quality fixed income securities. Capital funds are available for investing in a broadly diversified portfolio, which includes investments in preferred and common stocks, private bond and equity investments, investment grade and below investment grade securities and other asset classes that offer potentially higher returns.

The investment portfolio is divided and managed by strategy and legal entity. Each segregated portfolio is managed against a specific benchmark to properly control the risk of each portfolio as well as the aggregate risks of the combined portfolio. The performance of each portfolio and the aggregate investment portfolio is measured against several benchmarks to ensure that they have the appropriate risk and return characteristics.

In order to manage the risks of the investment portfolio, several controls are in place. First, the overall duration (interest rate risk) of the portfolio is managed relative to the duration of the net reinsurance liabilities, defined as reinsurance liabilities net of all reinsurance assets, so that the economic value of changes in interest rates have offsetting effects on the Company's assets and liabilities. To ensure diversification and avoid aggregation of risks, limits on assets types, economic sector exposure, industry exposure and individual security exposure are placed on the investment portfolio. These exposures are monitored on an ongoing basis and reported at least quarterly to the Risk Management and Finance Committee of the Board.

See Quantitative and Qualitative Disclosures About Market Risk in Item 7A of Part II of this report for a discussion of the Company's interest rate, equity and currency management strategies and Summary of certain agreements between AXA SA, Colisée Re and Paris Re above for a discussion of the funds held – directly managed account.

Competition

The Company competes with other reinsurers, some of which have greater financial, marketing and management resources than the Company, and it also competes with new market entrants. Competition in the types of reinsurance that the Company underwrites is based on many factors, including the perceived financial

strength of the reinsurer, pricing and other terms and conditions, services provided, ratings assigned by independent rating agencies, speed of claims payment and reputation and experience in the lines of reinsurance to be written.

The Company's competitors include independent reinsurance companies, subsidiaries or affiliates of established worldwide insurance companies, and reinsurance departments of certain primary insurance companies. Management believes that the Company's major competitors are the larger European, U.S. and Bermuda-based international reinsurance companies, as well as specialty reinsurers and regional companies in certain local markets.

Management believes the Company ranks among the world's largest professional reinsurers and is well positioned in terms of client services and underwriting expertise. Furthermore, the Company's capitalization and strong financial ratios allow the Company to offer security to its clients.

Employees

The Company had 1,379 employees at December 31, 2010. Included in this number are approximately 100 employees that participated in the voluntary plan (see Overview in Item 7 of Part II of this report) and with expected leaving dates through mid 2012. The Company may increase its staff over time commensurate with the expansion of operation. The Company believes that its relations with its employees are good.

Regulation

The business of reinsurance is now regulated in all countries in which we operate, although the degree and type of regulation varies significantly from one jurisdiction to another. Some jurisdictions impose complex regulatory requirements on insurance businesses while other jurisdictions impose fewer requirements. In certain foreign countries, reinsurers are required to be licensed by governmental authorities. These licenses may be subject to modification, suspension or revocation dependent on such factors as amount and types of reserves and minimum capital and solvency tests. The violation of regulatory requirements may result in fines, censures and/or criminal sanctions in various jurisdictions. As a holding company, PartnerRe is not subject to Bermuda insurance regulations, but its various material operating subsidiaries are subject to regulation as follows:

Bermuda

The Insurance Act 1978 of Bermuda and related regulations, as amended (the Insurance Act), regulates the insurance business of PartnerRe Bermuda and provides that no person may carry on any insurance business in or from within Bermuda unless registered as an insurer by the Bermuda Monetary Authority (BMA). The Insurance Acts make no distinction between insurance and reinsurance business. The Insurance Act imposes solvency and liquidity standards and auditing and reporting requirements on Bermuda insurance companies and grants the BMA powers to supervise, investigate and intervene in the affairs of insurance companies.

In 2008, the Bermuda insurance supervisory framework underwent major revision with the passage of the Insurance Amendment Act 2008 (the Amendment Act). The Amendment Act established new risk-based regulatory capital adequacy and solvency margin requirements for Bermuda insurers.

As a Class 4 insurer, PartnerRe Bermuda must prepare annual statutory financial statements and file them with the BMA, together with audited annual financial statements prepared in accordance with U.S. GAAP, International Financial Reporting Standards (IFRS) or any such other GAAP as the BMA may recognize. These audited financials are made public by the BMA. The Insurance Act prescribes rules for the preparation and content of the statutory financial statements and are distinct from the financial statements prepared for presentation to an insurer's shareholders under the Companies Act 1981 of Bermuda (the Companies Act). PartnerRe Bermuda is required to give detailed information and analyses regarding premiums, claims, reinsurance and investments. The most significant aspect of the amended regulations in relation to the statutory

balance sheet of PartnerRe Bermuda is the reporting obligation to detail, on a line-by-line basis, specific asset and liability classes, as well as the requirement to identify and distinguish between what is or is not attributable to affiliates of PartnerRe Bermuda.

Under the new regulatory framework, the BMA promulgated the Insurance (Prudential Standards) (Class 4 Solvency Requirement) Order 2008 (the Order) which, *inter alia*, mandates that a Class 4 insurer's Enhanced Capital Requirement (ECR) be calculated by either (a) the model set out in Schedule 1 to the Order, or (b) an internal capital model which the BMA has approved for use for this purpose. PartnerRe Bermuda uses the BMA model in calculating its solvency requirements.

The new risk-based regulatory capital adequacy and solvency margin regime provides a risk-based capital model (termed the Bermuda Solvency Capital Requirement (BSCR)) as a tool to assist the BMA both in measuring risk and in determining appropriate levels of capitalization. The BSCR employs a standard mathematical model that correlates the risk underwritten by Bermuda insurers to the capital that is dedicated to their business. The framework that has been developed applies a standard measurement format to the risk associated with an insurer's assets, liabilities and premiums, including a formula to take account of catastrophe risk exposure.

In order to minimize the risk of a shortfall in capital arising from an unexpected adverse deviation and in moving towards the implementation of a risk-based capital approach, the BMA requires that insurers operate at or above a threshold capital level (termed the Target Capital Level (TCL)), which exceeds the BSCR or approved internal model minimum amounts.

These capital requirements require Class 4 insurers to hold available statutory capital and surplus equal to or exceeding ECR and set TCL at 120% of ECR. The BMA also has a degree of discretion enabling it to impose ECR on insurers in particular cases, for instance where an insurer falls below the TCL. While it must calculate its ECR annually by reference to either the BSCR or an approved internal model, a Class 4 insurer such as PartnerRe Bermuda must also ensure that, at all times, its ECR is at least equal to the minimum solvency margin for a Class 4 insurer in respect of its general business, which is the greater of:

- $100,000,000;
- 50% of net premiums written (being gross premiums written less any reinsurance premiums ceded (not exceeding 25% of gross premiums written)); or
- 15% of net loss and loss expense provisions and other general business insurance reserves.

Under the Insurance Act, Class 4 insurers are prohibited from declaring or paying any dividends of more than 25% of its total statutory capital and surplus, as shown in its previous financial year statutory balance sheet, unless at least seven days before payment of the dividends it files with the BMA an affidavit that it will continue to meet its required solvency margins. In addition, Class 4 insurers must obtain the BMA's prior approval before reducing its total statutory capital, as shown in its previous financial year statutory balance sheet, by 15% or more.

Furthermore, under the Companies Act, PartnerRe Bermuda may only declare and pay a dividend from retained earnings, and a dividend or distribution from contributed surplus if it has no reasonable grounds for believing that it is, or would after the payment be, unable to pay its liabilities as they become due, or if the realizable value of its assets would not be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

PartnerRe Bermuda is required to maintain the value of its relevant assets at not less than 75% of the amount of its relevant liabilities. Relevant assets include, but are not limited to, cash and time deposits, quoted investments, unquoted bonds and debentures, first liens on real estate, investment income due and accrued, accounts and premiums receivable, reinsurance balances receivable and funds held by ceding reinsurers. There

are certain categories of assets which, unless specifically permitted by the BMA, do not automatically qualify as relevant assets, such as unquoted equity securities, investments in and advances to affiliates and real estate and collateral loans. The relevant liabilities are total general business insurance reserves and total other liabilities less deferred income tax and sundry liabilities (by interpretation, those not specifically defined), letters of credit and guarantees.

Current international initiatives in the regulation of global insurance and reinsurance groups, such as the European Union's Solvency II initiative, are trending towards the imposition of group supervisory regimes, introducing one principal "home" regulator over all the operating entities in a particular insurance or reinsurance group. The determination of which regulator will assume the role of the Company's group supervisor will be made following a consultation with the Company and between regulators. In February 2011, the Company received an advice from the BMA proposing that it is appropriate for the BMA to be the Group Supervisor of the PartnerRe group.

PartnerRe Bermuda has branches in Canada, Singapore, Hong Kong and Labuan and the operations of these branches are all subject to Bermuda regulations. In addition to Bermuda regulations, the Canadian branch is subject to regulation by The Office of the Superintendent of Financial Institutions, Canada, the Singapore branch is subject to regulation by the Monetary Authority of Singapore, the Hong Kong branch is subject to regulation under both the Insurance Companies Ordinance of Hong Kong and the Companies Ordinance of Hong Kong and the Labuan branch is subject to regulation by the Labuan Offshore Financial Services Authority, Malaysia. For a further discussion of the regulations pertaining to the Canadian branch see below.

Ireland

PartnerRe Holdings Europe Limited is a holding company for PartnerRe Europe and PartnerRe Ireland Insurance Limited (PartnerRe Ireland Insurance). As a holding company, PartnerRe Holdings Europe Limited is not subject to regulation by the Central Bank of Ireland (the Central Bank).

PartnerRe Ireland Insurance is a non-life insurance company incorporated under the laws of Ireland. It is subject to the regulation and supervision of the Central Bank pursuant to the Irish Insurance Acts 1909 to 2000, regulations relating to insurance business made under those Acts or under the European Communities Act, 1972 and the Central Bank Acts, 1942 to 2010 and the Central Bank and Financial Services Authority of Ireland Acts 2003 and 2004 (together, the Insurance Acts and Regulations). PartnerRe Ireland Insurance was authorized in April 2005 to undertake the business of non-life insurance in various classes of business. PartnerRe Ireland Insurance is required to maintain technical reserves as provided for in the Insurance Acts and Regulations. Assets representing its technical reserves are required to cover PartnerRe Ireland Insurance's calculated underwriting liabilities. In addition to filing various regulatory returns with the Central Bank, PartnerRe Ireland Insurance is obligated to prepare annual accounts in accordance with the provisions of the European Communities (Insurance Undertakings: Accounts) Regulations, 1996 (the Insurance Accounts Regulations) as amended. The accounts must be filed with the Central Bank and with the Registrar of Companies in Ireland. Additionally, PartnerRe Ireland Insurance is required to establish and maintain an adequate solvency margin and a minimum guarantee fund, both of which must be free from all foreseeable liabilities.

PartnerRe Europe is a reinsurance company incorporated under the laws of Ireland. Legislation transposing the Reinsurance Directive was signed into Irish law on July 15, 2006 as the European Communities (Reinsurance) Regulations 2006 (the Regulations). Under the Regulations, all Irish reinsurers established before December 10, 2005 are deemed to be authorized under the Regulations, subject to complying with certain requirements not later than December 10, 2007. PartnerRe Europe has fully complied with the requirements set out in the Regulations and has received formal recognition from the Central Bank that it is duly authorized as a reinsurance undertaking to carry on reinsurance business in accordance with the Regulations. These requirements include, but are not limited to, the establishment of technical provisions and reserves, investment of assets, maintaining an appropriate solvency margin and maintenance of a guarantee fund. Effective January 1, 2008, the Company underwent a restructuring of its European operations and PartnerRe Europe became the single operating platform in Europe. Pursuant to this reorganization, PartnerRe SA transferred all of its reinsurance

business, assets and liabilities to the French branch of PartnerRe Europe and ceased its underwriting operations. PartnerRe Europe has established branches in France, Switzerland, Canada and Singapore and a representative office in Brazil. PartnerRe Europe and the Swiss, Canadian, French and Singapore branches are subject to Irish insurance supervision regulations. The Canadian branch is also subject to regulation in Canada and the Singapore branch is subject to regulation by the Monetary Authority of Singapore. For a further discussion of the regulations pertaining to the Canadian branch see below.

Pursuant to Irish company law, PartnerRe Europe is restricted to declaring dividends only out of "profits available for distribution". Profits available for distribution are a company's accumulated realized profits less its accumulated realized losses. Such profits may not include profits previously utilized.

United States

PartnerRe U.S. Corporation is a Delaware domiciled holding company for its wholly owned re/insurance subsidiaries, PartnerRe U.S. and PartnerRe Insurance Company of New York (PRNY) (PartnerRe U.S. and PRNY together being the PartnerRe U.S. Insurance Companies). The PartnerRe U.S. Insurance Companies are subject to regulation under the insurance statutes and regulations of their domiciliary state, New York, and all states where they are licensed, accredited or approved to underwrite reinsurance. Currently, the PartnerRe U.S. Insurance Companies are licensed, accredited or approved reinsurers and/or insurers in fifty states and the District of Columbia.

Regulations vary from state to state, but generally require insurance holding companies and insurers and reinsurers that are subsidiaries of insurance holding companies to register and file with their state domiciliary regulatory authorities certain reports, including information concerning their capital structure, ownership, financial condition and general business operations. State regulatory authorities monitor compliance with, and periodically conduct examinations with respect to, state mandated standards of solvency, licensing requirements, investment limitations, and restrictions on the size of risks which may be reinsured, deposits of securities for the benefit of reinsureds, methods of accounting for assets, reserves for unearned premiums and losses, and other purposes. In general, such regulations are for the protection of reinsureds and, ultimately, their policyholders, rather than security holders. In the U.S., the Company's current domiciliary regulator is the New York Superintendent of Insurance.

Under New York law, the New York Superintendent of Insurance must approve any dividend declared or paid by the PartnerRe U.S. Insurance Companies that, together with all dividends declared or distributed by each of them during the preceding twelve months, exceeds the lesser of 10% of their respective statutory surplus as shown on the latest statutory financial statements on file with the New York Superintendent of Insurance, or 100% of their respective adjusted net investment income during that period. New York does not permit a dividend to be declared or distributed, except out of earned surplus.

State laws also require prior notice and/or regulatory approval of changes in control of an insurer or its holding company and of certain inter-company transfers of assets, payments of dividends and certain other transactions among affiliates, as well as any material changes within the holding company structure. The insurance laws of the state of domicile of the PartnerRe U.S. Insurance Companies provide that no corporation or other person except an authorized insurer may acquire control of a domestic insurance or reinsurance company unless it has given notice to such company and obtained prior written approval of the applicable state's chief insurance regulator. Any purchaser of 10% or more of the outstanding voting securities of PartnerRe (the ultimate parent company of the PartnerRe U.S. Insurance Companies) could become subject to such change of control regulations and would be required to file certain notices and reports with the Superintendent of the New York Insurance Department prior to such acquisition.

A committee of state insurance regulators developed the National Association of Insurance Commissioners' (NAIC) Insurance Regulatory Information System (IRIS) primarily to assist state insurance departments in executing their statutory mandates to oversee the financial condition of insurance or reinsurance companies

operating in their respective states. IRIS identifies thirteen industry ratios and specifies usual values for each ratio. Generally, a company will become subject to regulatory scrutiny if it falls outside the usual ranges with respect to four or more of the ratios, and regulators may then act, if the company has insufficient capital, to constrain the company's underwriting capacity. No such action has been taken with respect to the PartnerRe U.S. Insurance Companies.

The Risk-Based Capital (RBC) for Insurers Model Act (the Model RBC Act), as it applies to property and casualty insurers and reinsurers, was initially adopted by the NAIC in December 1993. The Model RBC Act or similar legislation has been adopted by the majority of states in the U.S. The main purpose of the Model RBC Act is to provide a tool for insurance regulators to evaluate the capital of insurers with respect to the risks assumed by them and to determine whether there is a need for possible corrective action. U.S. insurers and reinsurers are required to report the results of their RBC calculations as part of the statutory annual statements that such insurers and reinsurers file with state insurance regulatory authorities. The Model RBC Act provides for four different levels of regulatory actions, each of which may be triggered if an insurer's Total Adjusted Capital (as defined in the Model RBC Act) is less than a corresponding level of risk-based capital. The Company Action Level is triggered if an insurer's Total Adjusted Capital is less than 200% of its Authorized Control Level RBC (as defined in the Model RBC Act). At the Company Action Level, the insurer must submit a risk-based capital plan to the regulatory authority that discusses proposed corrective actions to improve its capital position. The Regulatory Action Level is triggered if an insurer's Total Adjusted Capital is less than 150% of its Authorized Control Level RBC. At the Regulatory Action Level, the regulatory authority will perform a special examination of the insurer and issue an order specifying corrective actions that must be followed. The Authorized Control Level is triggered if an insurer's Total Adjusted Capital is less than 100% of its Authorized Control Level RBC, and at that level, the regulatory authority is authorized (although not mandated) to take regulatory control of the insurer. The Mandatory Control Level is triggered if an insurer's Total Adjusted Capital is less than 70% of its Authorized Control Level RBC, and at that level, the regulatory authority is required to take regulatory control of the insurer. Regulatory control may lead to rehabilitation or liquidation of an insurer. At December 31, 2010, the Total Adjusted Capital of the PartnerRe U.S. Insurance Companies exceeded applicable RBC levels.

Canada

Each of the Canadian branches of PartnerRe Europe and PartnerRe U.S. holds a license to write property and casualty reinsurance business in Canada and are licensed in Ontario and Quebec. The Canadian branch of PartnerRe Bermuda holds a license to write life business in Canada and is licensed in Ontario. Prior to the acquisition, Paris Re France did carry on property and casualty operations in Canada through its branch located in Quebec. In October 2010, the Canadian branch of Paris Re France was merged into the Canadian branch of PartnerRe Europe which is now licensed in Ontario and Quebec. As of January 2011, the Canadian branch of PartnerRe U.S. assumed all of the reinsurance obligations of the Canadian branch of PartnerRe Europe. Each Canadian branch is authorized to insure, in Canada, risks falling within the classes of insurance as specified in their respective licenses and is limited to the business of reinsurance. Each Canadian branch is subject to local regulation for its Canadian branch business, specified principally pursuant to Part XIII of the Insurance Companies Act (the Act) applicable to Foreign Property and Casualty Companies and to Foreign Life Companies. The Office of the Superintendent of Financial Institutions, Canada (OSFI) supervises the application of the Act. PartnerRe U.S., PartnerRe Bermuda and PartnerRe Europe maintain sufficient assets, vested in trust at a Canadian financial institution approved by OSFI, to allow their branches to meet minimum statutory solvency requirements as required by the Act and the regulations made under it. Statutory information required by federal and provincial insurance regulators for both property and casualty and life business includes (1) a yearly business plan, (2) quarterly and year-end returns including general information, financial statements, statutory compliance reports and various investment, technical and other information, (3) an auditor's report for the Canadian branch, (4) an opinion of an Appointed Actuary of the Canadian branch on the adequacy of the reserves and (5) an annual Dynamic Capital Adequacy Test (DCAT) report from the Appointed Actuary of the Canadian branch that tests the adequacy of the assets that are vested under various adverse scenarios.

Taxation of the Company and its Subsidiaries

The following summary of the taxation of the Company, PartnerRe Bermuda, PartnerRe Europe and the PartnerRe U.S. Corporation and its subsidiaries (collectively PartnerRe U.S. Companies) is based upon current law. Legislative, judicial or administrative changes may be forthcoming that could affect this summary. Certain subsidiaries, branch offices and representative offices of the Company are subject to taxation related to operations in Brazil, Canada, Chile, China, France, Hong Kong, Ireland, Japan, Labuan, Mexico, Singapore, Switzerland and the United States. The discussion below covers the significant locations for which the Company or its subsidiaries are subject to taxation.

Bermuda

The Company and PartnerRe Bermuda have each received from the Minister of Finance an assurance under The Exempted Undertakings Tax Protection Act, 1966 of Bermuda, to the effect that in the event that there is any legislation enacted in Bermuda imposing tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax shall not be applicable to the Company or PartnerRe Bermuda or to any of their operations or the shares, debentures or other obligations of the Company or PartnerRe Bermuda until March 28, 2016. The Ministry of Finance has recently indicated that this exemption will be extended to 2035. The relevant legislation which will effect this change has been tabled in Parliament for approval. These assurances are subject to the proviso that they are not construed to prevent the application of any tax or duty to such persons as are ordinarily resident in Bermuda (the Company and PartnerRe Bermuda are not currently so designated) or to prevent the application of any tax payable in accordance with the provisions of The Land Tax Act, 1967 of Bermuda or otherwise payable in relation to the property leased to PartnerRe Bermuda.

Canada

The Canadian non-life branch of PartnerRe Europe and the Canadian life branch of PartnerRe Bermuda are subject to Canadian taxation on their profits. The Canadian non-life branch of Paris Re France was subject to Canadian taxation on its profits until September 30, 2010, when it was merged into the non-life branch of PartnerRe Europe. The Canadian non-life branch of PartnerRe U.S. Corporation is subject to Canadian taxation on its profits from January 1, 2011. The profits of the Canadian branches of Partner Re Europe and PartnerRe Bermuda are taxed at the federal level as well as the Ontario-provincial level at a total rate that was 30.79% in 2010. Canada has enacted a phased-in decrease of the Federal income tax rate; combined with the phased-in decrease of the income tax rate in the Province of Ontario, the total rate will be 28.25% in 2011, 26.25% in 2012, 25.50% in 2013, and 25.00% on 2014. See also the discussion of taxation in Ireland below.

The Canadian non-life branch of PartnerRe Europe and the Canadian non-life branch of PartnerRe U.S. Corporation are subject to taxation on their profits at the federal level as well as the Ontario and Quebec provincial level from October 1, 2010 and since January 1, 2011, respectively. The total rate was an average comprised between 30.33% and 30.79% in 2010. We expect this rate to decrease through 2014, however, the exact rate cannot be determined at this time since the branches operates in both Ontario and Quebec.

France

The French branch of PartnerRe Europe is conducting business in and is subject to taxation in France. The current statutory rate of tax on corporate profits in France is 34.43%. See also the discussion of taxation in Ireland below.

Ireland

The Company's Irish subsidiaries, PartnerRe Holdings Europe Ltd., PartnerRe Europe and PartnerRe Ireland Insurance Ltd, conduct business in and are subject to taxation in Ireland. Profits of an Irish trade or business are subject to Irish corporation tax at the rate of 12.5%, whereas profits arising from other than a trade

or business are taxable at the rate of 25%. The Swiss, U.S. and French branches and Canadian non-life branch of PartnerRe Europe are subject to taxation in Ireland at the Irish corporation tax rate of 12.5%. However, under Irish domestic tax law, the amount of tax paid in Switzerland, the U.S., France and Canada can be credited or deducted against the Irish corporation tax. As a result, the Company does not expect to incur significant taxation in Ireland with respect to the Swiss, U.S., French and Canadian non-life branches.

United States

PartnerRe U.S. Corporation and its subsidiaries (collectively the PartnerRe U.S. Companies) transact business in and are subject to taxation in the United States. The Company believes that it and its subsidiaries, other than the PartnerRe U.S. Companies, have operated and will continue to operate their business in a manner that will not cause them to be treated as engaged in a trade or business within the United States.

In addition, in 2010, PartnerRe Europe established a wholly-owned subsidiary in the state of Florida (PartnerRe Miami) which is taxable as a branch of PartnerRe Europe in the U.S. PartnerRe Miami is conducting business in and is subject to taxation in the United States. The current statutory rate of tax on corporate profits in the U.S. is 35%. See the discussion of U.S. branch taxation below and the discussion of taxation in Ireland above.

On this basis, the Company does not expect that it and its subsidiaries, other than the PartnerRe U.S. Companies and PartnerRe Miami, will be required to pay U.S. corporate income taxes (other than withholding taxes as described below). However, because there is considerable uncertainty as to the activities that constitute a trade or business in the United States, there can be no assurance that the Internal Revenue Service (the IRS) will not contend successfully that the Company or its non-U.S. subsidiaries are engaged in a trade or business in the United States. The maximum federal tax rate is currently 35% for a corporation's income that is effectively connected with a trade or business in the United States. In addition, U.S. branches of foreign corporations may be subject to the branch profits tax, which imposes a tax on U.S. branch after-tax earnings that are deemed repatriated out of the United States, for a potential maximum effective federal tax rate of approximately 54% on the net income connected with a U.S. trade or business.

Foreign corporations not engaged in a trade or business in the United States are subject to U.S. income tax, effected through withholding by the payer, on certain fixed or determinable annual or periodic gains, profits and income derived from sources within the United States as enumerated in Section 881(a) of the Internal Revenue Code, such as dividends and interest on certain investments.

The United States also imposes an excise tax on insurance and reinsurance premiums paid to foreign insurers or reinsurers with respect to risks located in the United States. The rate of tax applicable to reinsurance premiums paid to PartnerRe Bermuda is 1% of gross premiums.

Where You Can Find More Information

The Company's Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act are available free of charge through the investor information pages of its website, located at *http://www.partnerre.com*. Alternatively, the public may read or copy the Company's filings with the Securities and Exchange Commission (SEC) at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (*http://www.sec.gov*). None of the information on the Company's website or on the SEC's website is incorporated into this report except to the extent explicitly incorporated by reference.

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ITEM 1A. RISK FACTORS

Introduction

Current and potential investors in the Company should be aware that, as with any publicly traded company, investing in our securities carries risk. Managing risk effectively is paramount to our success, and our organization is built around intelligent risk assumptions and careful risk management, as evidenced by our development of the PartnerRe risk management framework, which provides an integrated approach to risk across the entire organization. We have identified what we believe reflect key significant risks to the organization, and in turn the shareholders. These risks should be read in conjunction with other Risk Factors described in more detail below under the heading Risk Factors.

First, in order to achieve our targeted growth in diluted book value per share of 10% a year, we believe we must be able to generate approximately 13% operating return on beginning shareholders' equity. Our ability to do that over a reinsurance cycle is dependent on our individual performance, but also on industry factors that impact the level of competition and the level of cost. The level of competition is determined by supply and demand of capacity. Demand is determined by client buying behavior, which varies based on the client's perception of the amount and volatility of risk, its financial capacity to bear it and the cost of risk transfer. Supply is determined by the existing reinsurance companies' level of financial strength and the introduction of capacity from new start-ups or capital markets. Significant new capacity or significant reduction in demand will depress industry profitability until the supply/demand balance is redressed. Extended periods of imbalance could depress industry profitability to a point where we would fail to meet our targets.

Second, we knowingly expose ourselves to significant volatility in our quarterly and annual net income. We create shareholder value by assuming risk from the insurance and capital markets. This exposes us to volatile earnings as untoward events happen to our clients and in the capital markets. Examples of potential large loss events include, without limitation:

- Natural catastrophes such as hurricane, windstorm, flood, earthquake, etc.;
- Man-made disasters such as terrorism;
- Declines in the equity and credit markets;
- Systemic increases in the frequency or severity of casualty losses; and
- New mass tort actions or reemergence of old mass torts such as cases related to asbestosis.

We manage large loss events through evaluation processes, which are designed to enable proper pricing of these risks over time, but which do little to moderate short-term earnings volatility. The only effective tool to manage earnings volatility is through diversification by building a portfolio of uncorrelated risks. We do not currently buy significant amounts of retrocessional coverage, nor do we use significant capital market hedges or trading strategies in the pursuit of stability in earnings.

Third, we expose ourselves to several very significant risks that are of a size that can impact our financial strength as measured by U.S. GAAP or regulatory capital. We believe that the following are categorized as very significant risks:

- Catastrophe risk;
- Casualty reserving risk;
- Equity investment risk; and
- Longevity risk.

Each of these risks can accumulate to the point that they exceed a year's worth of earnings and affect the capital base of the Company (for further information about these risks see Other Key Issues of Management—Risk Management in Item 7 of Part II of this report).

We rely on our internal risk management processes, models and systems to manage these risks at the nominal exposure levels approved by the Company's Board. However, because these models and processes may fail, we also impose limits on our exposure to these risks.

In addition to these enumerated risks, we face numerous other strategic and operational risks that could in the aggregate lead to shortfalls to our long-term goals or add to short-term volatility in our earnings. The following review of important risk factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein or elsewhere. The words or phrases believe, anticipate, estimate, project, plan, expect, intend, hope, forecast, evaluate, will likely result or will continue or words or phrases of similar import generally involve forward-looking statements. As used in these Risk Factors, the terms "we", "our" or "us" may, depending upon the context, refer to the Company, to one or more of the Company's consolidated subsidiaries or to all of them taken as a whole.

Risk Factors

Our profitability is affected by the cyclical nature of the reinsurance industry.

Historically, the reinsurance industry has experienced significant fluctuations in operating results due to competition, levels of available capacity, trends in cash flows and losses, general economic conditions and other factors. Demand for reinsurance is influenced significantly by underwriting results of primary insurers, including catastrophe losses, and prevailing general economic conditions. The supply of reinsurance is related directly to prevailing prices and levels of capacity that, in turn, may fluctuate in response to changes in rates of return on investments being realized in the reinsurance industry. If any of these factors were to result in a decline in the demand for reinsurance or an overall increase in reinsurance capacity, our profitability could be impacted.

We operate in a highly competitive environment.

The reinsurance industry is highly competitive and we compete with a number of worldwide reinsurance companies, including, but not limited to, Everest Re, Hannover Re, SCOR, Transatlantic and reinsurance operations of certain primary insurance companies, such as Arch Capital, Axis Capital and XL Capital. Competition in the types of reinsurance that we underwrite is based on many factors, including the perceived financial strength of the reinsurer, pricing, terms and conditions offered, services provided, ratings assigned by independent rating agencies, speed of claims payment and experience in the lines of reinsurance to be written. If competitive pressures reduce our prices, we would expect to write less business. In addition, competition for customers would become more intense and we could incur additional expenses relating to customer acquisition and retention, further reducing our operating margins.

The current state of the economy and capital markets increases the possibility of adverse effects on our financial position and results of operations. Economic downturns could impair our investment portfolio and affect the primary insurance market, which could, in turn, harm our operating results and reduce our volume of new business.

During 2008 and continuing into 2009, the capital markets in the United States and abroad experienced a severe economic downturn and certain economies remain in recession. Disruptions in the capital markets increased the spread between the yields realized on risk-free and higher risk securities. While the increased spreads have reduced during the latter half of 2009 and in 2010, illiquidity remains in certain parts of the debt capital markets. The longer this economic dislocation persists, the greater the probability that these risks could have an adverse effect on our financial results. This may be evidenced in several ways including, but not limited to, a potential reduction in our premium income, financial losses in our investment portfolio and decreases in revenue and net income.

Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing our underwriting activities and negatively impact our operating results. In addition, our cedants and other counterparties may be affected by such developments in the financial markets, which could adversely affect their ability to meet their obligations to us.

Political, regulatory, governmental and industry initiatives could adversely affect our business.

Our reinsurance operations are subject to extensive laws and regulations that are administered and enforced by a number of different governmental and non-governmental self-regulatory authorities in each of their respective jurisdictions. As a result of the current financial crisis, some of these authorities regularly consider enhanced or new regulatory requirements intended to prevent future crises or otherwise assure the stability of institutions under their supervision. These authorities may also seek to exercise their supervisory authority in new and more robust ways, and new regulators could become authorized to oversee parts of our business. For example, the European Union's Solvency II initiative and the NAIC's Solvency Modernization Initiative include

meaningful changes in consolidated supervision and corporate governance requirements as they apply to insurance and reinsurance corporate groups, which could lead to increases in regulatory capital requirements, reduced operational flexibility and increased compliance costs. It is not possible to predict all future impacts of these types of changes but they could affect the way we conduct our business and manage our capital, and may require us to satisfy increased capital requirements, any of which, in turn, could affect our results of operations, financial condition and liquidity. Our material subsidiaries' regulatory environments are described in detail under the heading Regulation. Regulations relating to each of our material subsidiaries may in effect restrict each of those subsidiaries' ability to write new business, to make certain investments and to distribute funds or assets to us.

Recent government intervention and the possibility of future government intervention have created uncertainty in the insurance and reinsurance markets. Government regulators are generally concerned with the protection of policyholders to the exclusion of others, including shareholders of reinsurers. In light of the current financial crisis, we believe it is likely there will be increased regulation of, and other forms of government participation in, our industry in the future, which could adversely affect our business by, among other things:

- Providing reinsurance capacity in markets and to clients that we target or requiring our participation in industry pools and guaranty associations;
- Further restricting our operational or capital flexibility;
- Expanding the scope of coverage under existing policies;
- Regulating the terms of reinsurance policies; or
- Disproportionately benefiting the companies domiciled in one country over those domiciled in another.

Such a federal initiative was put forward in response to the tightening of supply in certain insurance and reinsurance markets resulting from, among other things, the September 11th tragedy, and consequently the Terrorism Risk Insurance Act of 2002 (TRIA) was enacted to ensure the availability of commercial insurance coverage for certain types of terrorist acts in the U.S. In December 2007, the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) was enacted, which further renewed TRIA for another 7 years ending December 31, 2014.

Such a state initiative was put forward by the Florida Legislature in response to the tightening of supply in certain insurance and reinsurance markets in Florida resulting from, among other things, hurricane damage in Florida, which enacted the Hurricane Preparedness and Insurance Act to ensure the availability of catastrophe insurance coverage for catastrophes in the state of Florida.

The insurance industry is also affected by political, judicial and legal developments that may create new and expanded theories of liability, which may result in unexpected claim frequency and severity and delays or cancellations of products and services we provide, which could adversely affect our business.

We are unable to predict the effect that governmental actions for the purpose of stabilizing the financial markets will have on such markets generally or on the Company in particular.

In response to the financial crisis affecting the banking system and financial markets, the U.S. federal government and other governmental and regulatory bodies have taken or are considering taking other actions to address the governance of those industries that are viewed as presenting a systemic risk to economic stability. Such actions include the International Monetary Fund's proposal to levy a financial stability tax on all financial institutions, the proposals for enhanced regulation and supervision contained in the recently published Organization for Economic Co-operation and Development paper on the impact of the financial crisis on the Insurance sector and the financial regulatory reform provisions contained within the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. We are unable to predict the effect that the enactment of any such proposals will have on the financial markets generally or on the Company's competitive position, business and financial condition in particular, though we are monitoring these and similar proposals as they evolve.

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If we are downgraded by rating agencies by two notches or more, our standing with brokers and customers could be negatively impacted and may adversely impact our results of operations.

Third party rating agencies assess and rate the claims paying ability and financial strength of insurers and reinsurers, such as the Company's principal operating subsidiaries. These ratings are based upon criteria established by the rating agencies and have become an important factor in establishing our competitive position in the market. They are not an evaluation directed to investors in our common shares, preferred shares or debt securities, and are not a recommendation to buy, sell or hold our common shares, preferred shares or debt securities. Rating agencies may downgrade or withdraw their ratings at their sole discretion.

Our current financial strength ratings are:

Standard & Poor's	AA-
Moody's	Aa3
A.M. Best	A+
Fitch	AA

If our ratings were significantly downgraded, by two notches or more, our competitive position in the reinsurance industry may suffer, and it could result in a reduction in demand for our products. In addition, certain business that we write contains terms that give the ceding company or derivative counterparty the right to terminate cover and/or require collateral if our ratings are downgraded significantly.

We may suffer losses due to defaults by others, including issuers of investment securities, reinsurance and derivative counterparties.

Issuers or borrowers whose securities we hold, reinsurers, clearing agents, clearing houses and other financial intermediaries may default on their obligations to us due to bankruptcy, insolvency, lack of liquidity, adverse economic conditions, fraud or other reasons. Our investment portfolio may include investment securities in the financial services sector that have recently experienced defaults. All or any of these types of default could have a material adverse effect on our results of operations, financial condition and liquidity.

The exposure of our investments to interest rate, credit and equity risks may limit our net income and may affect the adequacy of our capital.

We invest the net premiums we receive unless and until such time as we pay out losses and/or until they are made available for distribution to shareholders and /or otherwise used for general corporate purposes. Investment results comprise a substantial portion of our income. For the year ended December 31, 2010, we had net investment income of $673 million, which represented approximately 11% of total revenues. In addition, we recorded realized and unrealized gains on investments during 2010, and we record all realized and unrealized gains or losses through net income. While the Board has implemented what it believes to be prudent risk management and investment asset allocation practices, we are exposed to significant financial and capital market risks, including changes in interest rates, credit spreads, equity prices, foreign exchange rates, market volatility, the performance of the economy in general and other factors outside our control.

Interest rates are highly sensitive to many factors, including fiscal and monetary policies of major economies, economic and political conditions and other factors outside our control. Changes in interest rates can negatively affect us in two ways. In a declining interest rate environment, we will be required to invest our funds at lower rates, which would have a negative impact on investment income. In a rising interest rate environment, the market value of our fixed income portfolio may decline.

Our fixed income portfolio is primarily invested in high quality, investment grade securities. However, we invest a portion of the portfolio in securities that are below investment grade, including high yield fixed income investments and convertible fixed income investments. We also invest a portion of our portfolio in other

investments such as notes receivable, private placement bond investments, derivative exposure assumed and other specialty asset classes. These securities generally pay a higher rate of interest and have a higher degree of credit or default risk. These securities may also be less liquid in times of economic weakness or market disruptions.

We invest a portion of our portfolio in preferred and common stocks or equity-like securities. The value of these assets fluctuates with equity markets. In times of economic weakness, the market value and liquidity of these assets may decline, and may impact net income and capital.

We use the term equity-like investments to describe our investments that have market risk characteristics similar to equities and are not investment grade fixed income securities. This category includes high yield and convertible fixed income investments and private placement equity investments. Fluctuations in the fair value of our equity-like investments may reduce our income in any period or year and cause a reduction in our capital.

Since we rely on a few reinsurance brokers for a large percentage of our business, loss of business provided by these brokers could reduce our premium volume and net income.

We produce our business both through brokers and through direct relationships with insurance company clients. For the year ended December 31, 2010, approximately 73% of our gross premiums were produced through brokers. In 2010, we had two brokers that accounted for 46% of our gross premiums written. Because broker-produced business is concentrated with a small number of brokers, we are exposed to concentration risk. A significant reduction in the business produced by these brokers could potentially reduce our premium volume and net income.

We are exposed to credit risk relating to our reinsurance brokers and cedants.

In accordance with industry practice, we may pay amounts owed under our policies to brokers, and they in turn pay these amounts to the ceding insurer. In some jurisdictions, if the broker fails to make such an onward payment, we might remain liable to the ceding insurer for the deficiency. Conversely, the ceding insurer may pay premiums to the broker, for onward payment to us in respect of reinsurance policies issued by us. In certain jurisdictions, these premiums are considered to have been paid to us at the time that payment is made to the broker, and the ceding insurer will no longer be liable to us for those amounts, whether or not we have actually received the premiums. We may not be able to collect all premiums receivable due from any particular broker at any given time. We also assume credit risk by writing business on a funds withheld basis. Under such arrangements, the cedant retains the premium they would otherwise pay to us to cover future loss payments.

We may require additional capital in the future, which may not be available or may only be available on unfavorable terms.

Our future capital requirements depend on many factors, including our ability to write new business successfully, the frequency and severity of catastrophic events, and our ability to establish premium rates and reserves at levels sufficient to cover losses. We may need to raise additional funds through financings or curtail our growth and reduce our assets. Any equity or debt financing, if available at all, may be on terms that are not favorable to us. Equity financings could be dilutive to our existing shareholders and could result in the issuance of securities that have rights, preferences and privileges that are senior to those of our other securities. Financial markets in the U.S. and elsewhere have experienced extreme volatility and disruption in recent times, resulting in part from financial stresses affecting the liquidity of the banking system. Continued disruption in the financial markets may limit our ability to access capital required to operate our business and we may be forced to delay raising capital or bear a higher cost of capital, which could decrease our profitability and significantly reduce our financial flexibility. If we cannot obtain adequate capital on favorable terms or at all, our business, operating results and financial condition could be adversely affected.

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If actual losses exceed our estimated loss reserves, our net income and capital position will be reduced.

Our success depends upon our ability to accurately assess the risks associated with the businesses that we reinsure. We establish loss reserves to cover our estimated liability for the payment of all losses and loss expenses incurred with respect to premiums earned on the contracts that we write. Loss reserves are estimates involving actuarial and statistical projections at a given time to reflect our expectation of the costs of the ultimate settlement and administration of claims. Losses for casualty and liability lines often take a long time to be reported, and frequently can be impacted by lengthy, unpredictable litigation and by the inflation of loss costs over time. As a consequence, actual losses and loss expenses paid may deviate substantially from the reserve estimates reflected in our financial statements.

Although we did not operate prior to 1993, we assumed certain asbestos and environmental exposures through our acquisitions. Our reserves for losses and loss expenses include an estimate of our ultimate liability for asbestos and environmental claims for which we cannot estimate the ultimate value using traditional reserving techniques, and for which there are significant uncertainties in estimating the amount of our potential losses. Certain of our subsidiaries have received and continue to receive notices of potential reinsurance claims from ceding insurance companies, which have in turn received claims asserting asbestos and environmental losses under primary insurance policies, in part reinsured by us. Such claims notices are often precautionary in nature and are generally unspecific, and the primary insurers often do not attempt to quantify the amount, timing or nature of the exposure. Given the lack of specificity in some of these notices, and the legal and tort environment that affects the development of claims reserves, the uncertainties inherent in valuing asbestos and environmental claims are not likely to be resolved in the near future. In addition, the reserves that we have established may be inadequate. If ultimate losses and loss expenses exceed the reserves currently established, we will be required to increase loss reserves in the period in which we identify the deficiency to cover any such claims.

As a result, even when losses are identified and reserves are established for any line of business, ultimate losses and loss expenses (that is, the administrative costs of managing and settling claims) may deviate, perhaps substantially, from estimates reflected in loss reserves in our financial statements. Variations between our loss reserve estimates and actual emergence of losses could be material and could have a material adverse effect on our results of operations and financial condition.

We may be adversely affected if Colisée Re, AXA or their affiliates fail to honor their obligations to Paris Re or its clients.

As part of the AXA Acquisition, Paris Re entered into the 2006 Acquisition Agreements. See Summary of certain agreements between AXA SA, Colisée Re and Paris Re in Item 1 of Part I of this report.

Pursuant to the Quota Share Retrocession Agreement, the benefits and risks of Colisée Re's reinsurance agreements were ceded to Paris Re France (now PartnerRe Europe), but Colisée Re remains both the legal counterparty for all such reinsurance contracts and the legal holder of the assets relating to such reserves.

Under the Run Off Services and Management Agreement, Paris Re (now PartnerRe Europe) has agreed that AXA LM will manage claims arising from all reinsurance and retrocession contracts subject to the Reserve Agreement. If AXA LM does not take into account Paris Re France's commercial concerns in the context of Paris Re France's on-going business relations with the relevant ceding companies and retrocessionaires, our ability to renew reinsurance and retrocession contracts with them may be adversely affected.

There can be no assurance that our business activities, financial condition, results or future prospects may not be adversely affected in spite of the existence of the 2006 Acquisition Agreements. In general, if AXA or its affiliates breach or do not satisfy their obligations under the 2006 Acquisition Agreements (potentially as a result of insolvency or inability or unwillingness to make payments under the terms of the 2006 Acquisition Agreements), we could be materially adversely affected.

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The volatility of the catastrophe business that we underwrite will result in volatility of our earnings.

Catastrophe reinsurance comprises approximately 14% of our net premiums written and a larger percentage of our capital at risk. Catastrophe losses result from events such as windstorms, hurricanes, tsunamis, earthquakes, tropical cyclones, floods, hail, tornadoes, severe winter weather, fires, explosions and other man-made or natural disasters, the incidence and severity of which are inherently unpredictable. Because catastrophe reinsurance accumulates large aggregate exposures to man-made and natural disasters, our loss experience in this line of business could be characterized as low frequency and high severity. This is likely to result in substantial volatility in our financial results for any fiscal quarter or year, and may create downward pressure on the market price of our common shares and limit our ability to make dividend payments and payments on our debt securities.

Notwithstanding our endeavors to manage our exposure to catastrophic and other large losses, the effect of a single catastrophic event or series of events affecting one or more geographic zones, or changes in the relative frequency or severity of catastrophic or other large loss events, could reduce our earnings and limit the funds available to make payments on future claims. The effect of an increase in frequency of mid-size losses in any one reporting period affecting one or more geographic zones, such as an unusual level of hurricane activity, could also reduce our earnings. Should we incur more than one very large catastrophe loss, our ability to write future business may be adversely impacted if we are unable to replenish our capital.

By way of illustration, during the past five calendar years, the Company incurred the following pre-tax large catastrophe losses, net of reinstatement premiums (in millions of U.S. dollars):

Calendar year	Pre-tax large catastro
2010	$437
2009	—
2008	305
2007	50
2006	—

Subsequent to the completion of the Paris Re acquisition, our exposure to natural and man-made disasters may be different than our historical exposure and may have increased.

The loss incurred in 2007 was as the result of one large catastrophe event, whereas the losses in 2010 and 2008 were incurred as the result of multiple catastrophic events, which included the Chile Earthquake and New Zealand Earthquake in 2010. Loss estimates arising from earthquakes are inherently more uncertain than those from other catastrophic events and the Company's actual losses from these earthquakes may exceed the estimated losses as a result of, among other things, an increase in industry insured loss estimates, the expected lengthy claims development period, in particular for earthquake related losses, and the receipt of additional information from cedants, brokers and loss adjusters.

We believe, and recent scientific studies have indicated, that the frequency of Atlantic basin hurricanes has increased and may change further in the future relative to the historical experience over the past 100 years. As a result of changing climate conditions, such as global warming, there may be increases in the frequency and severity of natural catastrophes and the losses that result from them. We monitor and adjust, as we believe appropriate, our risk management models to reflect our judgment of how to interpret current developments and information, such as these studies.

We could face unanticipated losses from man-made catastrophic events and these or other unanticipated losses could impair our financial condition, reduce our profitability and decrease the market price of our shares.

We may have substantial exposure to unexpected, large losses resulting from future man-made catastrophic events, such as acts of terrorism, acts of war and political instability, or from other perils. Although we may

attempt to exclude losses from terrorism and certain other similar risks from some coverage we write, we may continue to have exposure to such unforeseen or unpredictable events. This may be because, irrespective of the clarity and inclusiveness of policy language, there can be no assurance that a court or arbitration panel will not limit enforceability of policy language or otherwise issue a ruling adverse to us.

It is also difficult to predict the timing of such events with statistical certainty, or estimate the amount of loss any given occurrence will generate. Under U.S. GAAP, we are not permitted to establish reserves for potential losses associated with man-made or other catastrophic events until an event that may give rise to such losses occurs. If such an event were to occur, our reported income would decrease in the affected period. In particular, unforeseen large losses could reduce our profitability or impair our financial condition.

Our debt, credit and International Swap Dealers Association (ISDA) agreements may limit our financial and operational flexibility, which may affect our ability to conduct our business.

We have incurred indebtedness, and may incur additional indebtedness in the future. Additionally, we have entered into credit facilities and ISDA agreements with various institutions. Under these credit facilities, the institutions provide revolving lines of credit to us and our major operating subsidiaries and issue letters of credit to our clients in the ordinary course of business.

The agreements relating to our debt, credit facilities and ISDA agreements contain various covenants that may limit our ability, among other things, to borrow money, make particular types of investments or other restricted payments, sell assets, merge or consolidate. Some of these agreements also require us to maintain specified ratings and financial ratios, including a minimum net worth covenant. If we fail to comply with these covenants or meet required financial ratios, the lenders or counterparties under these agreements could declare a default and demand immediate repayment of all amounts owed to them.

If we are in default under the terms of these agreements, then we would also be restricted in our ability to declare or pay any dividends, redeem, purchase or acquire any shares or make a liquidation payment.

If any one of the financial institutions that we use in our operations, including those that participate in our credit facilities, fails or is otherwise unable to meet their commitments, we could incur substantial losses and reduced liquidity.

We maintain cash balances significantly in excess of the U.S. Federal Deposit Insurance Corporation insurance limits at various depository institutions. We also have funding commitments from a number of banks and financial institutions that participate in our credit facilities. See Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Credit Facilities. Access to funds under these existing credit facilities is dependent on the ability of the banks that are parties to the facilities to meet their funding requirements. Those banks may not be able to meet their funding requirements if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time, and we might be forced to replace credit sources in a difficult market. There have also been recent consolidations in the banking industry which could lead to increased reliance on and exposure to a limited number of institutions. If we cannot obtain adequate financing or sources of credit on favorable terms, or at all, our business, operating results and financial condition could be adversely impacted.

Changes in current accounting practices and future pronouncements may materially impact our reported financial results.

Developments in accounting practices, for example a convergence of U.S. GAAP with International Financial Reporting Standards (IFRS), may require considerable additional expense to comply, particularly if we are required to prepare information relating to prior periods for comparative purposes or to apply the new requirements retroactively. The impact of changes in current accounting practices and future pronouncements

cannot be predicted and may be significant. The impact may affect the results of our operations, including among other things, the calculation of net income, and may affect our financial position, including among other things, the calculation of unpaid losses and loss expenses, policy benefits for life and annuity contracts and total shareholders' equity.

Legal and enforcement activities relating to the insurance industry could affect our business and our industry.

The insurance industry has experienced substantial volatility as a result of litigation, investigations and regulatory activity by various insurance, governmental and enforcement authorities concerning certain practices within the insurance industry. These practices include the accounting treatment for finite reinsurance or other non-traditional or loss mitigation insurance and reinsurance products.

These investigations have resulted in changes in the insurance and reinsurance markets and industry business practices. While at this time, none of these changes have caused an adverse effect on our business, we are unable to predict the potential effects, if any, that future investigations may have upon our industry.

Emerging claim and coverage issues could adversely affect our business.

Unanticipated developments in the law, as well as changes in social and environmental conditions could potentially result in unexpected claims for coverage under our insurance, reinsurance and other contracts. These developments and changes may adversely affect our business by either extending coverage beyond our underwriting intent or by increasing the number or size of claims. With respect to our casualty businesses, these legal, social and environmental changes may not become apparent until some time after their occurrence. Our exposure to these uncertainties could be exacerbated by an increase in insurance and reinsurance contract disputes, arbitration and litigation.

The full effects of these and other unforeseen emerging claim and coverage issues are extremely hard to predict. As a result, the full extent of our liability under our coverages, and in particular, our casualty reinsurance contracts, may not be known for many years after a contract is issued.

If our non-U.S. operations become subject to U.S. income taxation, our net income will decrease.

We believe that we and our non-U.S. subsidiaries (other than PartnerRe Miami) have operated, and will continue to operate, our respective businesses in a manner that will not cause us to be viewed as engaged in a trade or business in the United States and, on this basis, we do not expect that either we or our non-U.S. subsidiaries will be required to pay U.S. corporate income taxes (other than potential withholding taxes on certain types of U.S.-source passive income). Because there is considerable uncertainty as to the activities that constitute being engaged in a trade or business within the United States, the IRS may contend that either we or our non-U.S. subsidiaries are engaged in a trade or business in the United States. If either we or our non-U.S. subsidiaries are subject to U.S. income tax, our shareholders' equity and earnings will be reduced by the amount of such taxes, which might be material.

PartnerRe U.S. Corporation and its subsidiaries conduct business in the United States, and are subject to U.S. corporate income taxes.

If proposed legislation previously introduced in both Houses of Congress is reintroduced and passed, our individual U.S. shareholders may no longer qualify for current capital gains rates on our dividends.

Currently, our individual U.S. shareholders are taxed on dividends paid in taxable years beginning before January 1, 2011 at advantageous capital gains rates rather than ordinary income tax rates. Proposed legislation has been introduced in both Houses of Congress that would exclude shareholders of a foreign corporation from this advantageous treatment unless either (i) the corporation is organized or created in a country that has entered

into a "comprehensive income tax treaty" with the U.S. or (ii) the stock of such corporation is readily tradable on an established securities market in the U.S., and the corporation is organized or created in a country that has a "comprehensive income tax system" that the U.S. Secretary of the Treasury determines is satisfactory for this purpose. We would not satisfy either of these tests and, accordingly, if this legislation is reproposed and becomes law, individual U.S. shareholders would no longer qualify for the advantageous capital gains rates on our dividends. It is not possible to predict whether similar legislation might be reintroduced and enacted in the future.

The impact of Bermuda's letter of commitment to the Organization for Economic Cooperation and Development to eliminate harmful tax practices is uncertain and could adversely affect our tax status in Bermuda.

The Organization for Economic Cooperation and Development (OECD) has published reports and launched a global initiative among member and non-member countries on measures to limit harmful tax competition. These measures are largely directed at counteracting the effects of tax havens and preferential tax regimes in countries around the world. Bermuda was not listed in the most recent report as an uncooperative tax haven jurisdiction because it had previously committed to eliminate harmful tax practices, to embrace international tax standards for transparency, to exchange information and to eliminate an environment that attracts business with no substantial domestic activity. We are not able to predict what changes will arise from the commitment or whether such changes will subject us to additional taxes.

If proposed U.S. legislation is passed, our U.S. reinsurance subsidiary may be subject to higher U.S. taxation and our net income would decrease.

Currently, our U.S. reinsurance subsidiary retrocedes or may retrocede a portion of its U.S. business to our Non-U.S. reinsurance subsidiaries and is generally entitled to deductions for premiums paid for such retrocessions. Proposed legislation has been introduced that if enacted would impose a limitation on such deductions, which could result in increased U.S. tax on this business and decreased net income. It is not possible to predict whether this or similar legislation may be enacted in the future.

We are a holding company, and if our subsidiaries do not make dividend and other payments to us, we may not be able to pay dividends or make payments on our debt securities and other obligations.

We are a holding company with no operations or significant assets other than the capital stock of our subsidiaries and other intercompany balances. We have cash outflows in the form of operating expenses, interest payments related to our long-term debt, dividends to both common and preferred shareholders and, from time to time, cash outflows for principal repayments related to our long-term debt, and the repurchase of common shares under our share repurchase program. We rely primarily on cash dividends and payments from our subsidiaries to meet our cash outflows. We expect future dividends and other permitted payments from our subsidiaries to be the principal source of funds to pay expenses and dividends. The payment of dividends by our reinsurance subsidiaries is limited under Bermuda and Irish laws and certain statutes of various U.S. states in which our U.S. subsidiaries are licensed to transact business. As of December 31, 2010, there were no significant restrictions on the payment of dividends by the Company's subsidiaries that would limit the Company's ability to pay common and preferred shareholders' dividends and its corporate expenses.

Because we are a holding company, our right, and hence the right of our creditors and shareholders, to participate in any distribution of assets of any subsidiary of ours, upon our liquidation or reorganization or otherwise, is subject to the prior claims of policyholders and creditors of these subsidiaries.

Investors may encounter difficulties in service of process and enforcement of judgments against us in the United States.

We are a Bermuda company and some of our directors and officers are residents of various jurisdictions outside the United States. All, or a substantial portion, of the assets of our officers and directors and of our assets are or may be located in jurisdictions outside the United States. Although we have appointed an agent and

irrevocably agreed that the agent may be served with process in New York with respect to actions against us arising out of violations of the United States Federal securities laws in any Federal or state court in the United States, it could be difficult for investors to effect service of process within the United States on our directors and officers who reside outside the United States. It could also be difficult for investors to enforce against us or our directors and officers judgments of a United States court predicated upon civil liability provisions of United States Federal securities laws.

There is no treaty in force between the United States and Bermuda providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. As a result, whether a United States judgment would be enforceable in Bermuda against us or our directors and officers depends on whether the United States court that entered the judgment is recognized by the Bermuda court as having jurisdiction over us or our directors and officers, as determined by reference to Bermuda conflict of law rules. A judgment debt from a United States court that is final and for a sum certain based on United States Federal securities laws will not be enforceable in Bermuda unless the judgment debtor had submitted to the jurisdiction of the United States court, and the issue of submission and jurisdiction is a matter of Bermuda law and not United States law.

In addition to and irrespective of jurisdictional issues, Bermuda courts will not enforce a United States Federal securities law that is either penal or contrary to public policy. An action brought pursuant to a public or penal law, the purpose of which is the enforcement of a sanction, power or right at the instance of the state in its sovereign capacity will not be entered by a Bermuda court. Certain remedies available under the laws of United States jurisdictions, including certain remedies under United States Federal securities laws, would not be available under Bermuda law or enforceable in a Bermuda court, as they would be contrary to Bermuda public policy. Further, no claim can be brought in Bermuda against us or our directors and officers in the first instance for violation of United States Federal securities laws because these laws have no extra jurisdictional effect under Bermuda law and do not have force of law in Bermuda. A Bermuda court may, however, impose civil liability on us or our directors and officers if the facts alleged in a complaint constitute or give rise to a cause of action under Bermuda law.

Operational risks, including human or systems failures, are inherent in our business.

Operational risks and losses can result from many sources including fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorization, failure to comply with regulatory requirements or information technology failures.

We believe our modeling, underwriting and information technology and application systems are critical to our business and reputation. Moreover, our technology and applications have been an important part of our underwriting process and our ability to compete successfully. Such technology is and will continue to be a very important part of our underwriting process. We have also licensed certain systems and data from third parties. We cannot be certain that we will have access to these, or comparable service providers, or that our technology or applications will continue to operate as intended. In addition, we cannot be certain that we would be able to replace these service providers or consultants without slowing our underwriting response time. A major defect or failure in our internal controls or information technology and application systems could result in management distraction, harm to our reputation, a loss or delay of revenues or increased expense.

Foreign currency fluctuations may reduce our net income and our capital levels.

Through our multinational reinsurance operations, we conduct business in a variety of foreign (non-U.S.) currencies, the principal exposures being the euro, British pound, Canadian dollar, Swiss franc and Singapore dollar. Assets and liabilities denominated in foreign currencies are exposed to changes in currency exchange rates. Our reporting currency is the U.S. dollar, and exchange rate fluctuations relative to the U.S. dollar may materially impact our results and financial position. We employ various strategies (including hedging) to manage our exposure to foreign currency exchange risk. To the extent that these exposures are not fully hedged or the hedges are ineffective, our results or equity may be reduced by fluctuations in foreign currency exchange rates.

Provisions in our bye-laws may restrict the voting rights of our shares and may restrict the transferability of our shares.

Our bye-laws generally provide that if any person owns, directly, indirectly or by attribution, more than 9.9% of our outstanding shares (including our common and preferred shares), the voting rights attached to such shares will be reduced so that such person may not exercise and is not attributed more than 9.9% of the total voting rights. In addition, our board of directors may limit a shareholder's exercise of voting rights where it deems it necessary to do so to avoid non-de minimis adverse tax, legal or regulatory consequences to us, any of our subsidiaries or any of our shareholders.

Under our bye-laws, subject to waiver by our board of directors, no transfer of our shares is permitted if such transfer would result in a shareholder controlling more than 9.9% of our outstanding shares. Our bye-laws also provide that if our board of directors determines that share ownership by a person may result in non-de minimis adverse tax, legal or regulatory consequences to us, any of our subsidiaries or any of our shareholders, then we have the option, but not the obligation, to require that shareholder to sell to us for fair market value the minimum number of shares held by such person which is necessary to eliminate the non-de minimis adverse tax, legal or regulatory consequences.

We also have the authority under our bye-laws to request information from any shareholder for the purpose of determining whether a shareholder's voting rights are to be limited pursuant to our bye-laws. If a shareholder fails to respond to our request for information or submits incomplete or inaccurate information in response to a request by us, we may, in our sole discretion, eliminate the shareholder's voting rights.

The loss of key executive officers could adversely affect us.

Our success has depended, and will continue to depend, partly upon our ability to attract and retain executive officers. If any of these executives ceased to continue in his or her present role, we could be adversely affected.

We believe there are only a limited number of available qualified executives in the business lines in which we compete. Our ability to execute our business strategy is dependent on our ability to attract and retain a staff of qualified underwriters and other key personnel. The skills, experience and knowledge of the reinsurance industry of our management team constitute important competitive strengths. If some or all of these managers leave their positions, and even if we were able to find persons with suitable skills to replace them, our operations could be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company leases office space in Bermuda where the Company's principal executive offices are located. Additionally, the Company leases office space in various locations, including Beijing, Dublin, Greenwich (Connecticut), Hong Kong, Mexico City, Miami, Montreal, New York, Paris, Santiago, Sao Paulo, Seoul, Singapore, Tokyo, Toronto, Washington, D.C., Zug and Zurich.

ITEM 3. LEGAL PROCEEDINGS

Litigation

The Company's reinsurance subsidiaries, and the insurance and reinsurance industry in general, are subject to litigation and arbitration in the normal course of their business operations. In addition to claims litigation, the Company and its subsidiaries may be subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties. This category of business litigation typically involves, among other things, allegations of underwriting errors or misconduct, employment claims or regulatory activity. While the outcome of business litigation cannot be predicted with certainty, the Company will dispute all allegations against the Company and/or its subsidiaries that Management believes are without merit.

As of December 31, 2010, the Company was not a party to any litigation or arbitration that it believes could have a material adverse effect on the financial condition, results of operations or liquidity of the Company.

ITEM 4. REMOVED AND RESERVED

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company has the following securities (with their related symbols) traded on the New York Stock Exchange (NYSE):

Common shares	PRE
6.75% Series C cumulative preferred shares	PRE-PrC
6.5% Series D cumulative preferred shares	PRE-PrD

The Company's common shares are also traded on the NYSE Euronext Paris exchange and Bermuda Stock Exchange under the symbol PRE.

As of February 22, 2011, the approximate number of common shareholders was 66,500.

The following table provides information about purchases by the Company during the quarter ended December 31, 2010, of equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act.

Issuer Purchases of Equity Securities

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program (1)(2)	Maximum number of shares that may yet be purchased under the program (1)(3)
10/01/2010-10/31/2010	137,818	79.59	137,818	6,534,982
11/01/2010-11/30/2010	1,435,441	79.44	1,435,441	5,099,541
12/01/2010-12/31/2010	3,516,259	78.25	3,516,259	6,517,446
Total	5,089,518	78.62	5,089,518	

(1) In December 2010, the Company's Board of Directors approved a new share repurchase authorization up to a total of 7 million common shares, which replaced the prior authorization of 7 million common shares approved in September 2010. Unless terminated earlier by resolution of the Company's Board of Directors, the program will expire when the Company has repurchased all shares authorized for repurchase thereunder.

(2) At December 31, 2010, approximately 14.0 million common shares were held in treasury and available for reissuance.

(3) In January and February 2011, the Company repurchased 2.7 million of its common shares at a total cost of $220 million, representing an average cost of $81.54 per share. Following these share repurchases, the Company had approximately 3.8 million common shares remaining under its current share repurchase authorization and approximately 16.7 million shares held in treasury.

The following table sets forth the high and low sales prices per share of the Company's common shares for each of the fiscal quarters in the last two fiscal years as reported on the New York Stock Exchange Composite Tape:

Period	2010 High	2010 Low	2010 Dividends Declared	2009 High	2009 Low	2009 Dividends Declared
Three months ended March 31	$ 80.20	$ 72.00	$ 0.50	$ 72.43	$ 54.65	$ 0.47
Three months ended June 30	81.57	70.06	0.50	68.66	62.83	0.47
Three months ended September 30	80.18	70.12	0.50	77.80	61.35	0.47
Three months ended December 31	82.00	77.50	0.55	80.99	73.40	0.47

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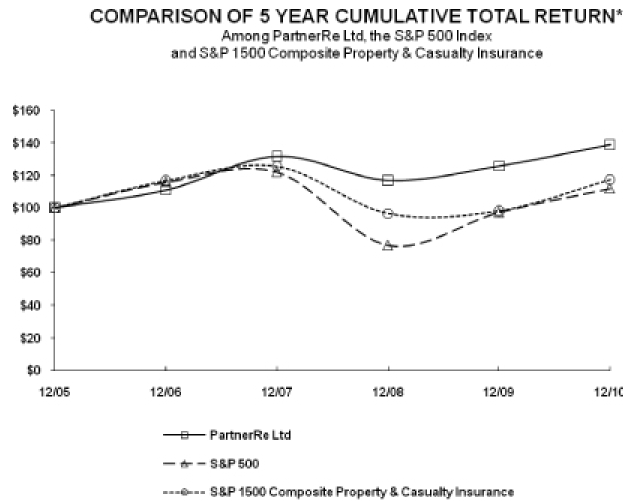
Other information with respect to the Company's common shares and related shareholder matters is contained in Notes 7, 12, 13, 14, 16, 19 and 24 to Consolidated Financial Statements in Item 8 of Part II of this report and in the Proxy Statement and is incorporated by reference to this item.

Comparison of 5-Year Cumulative Total Return

The graph below compares the cumulative shareholder return, including reinvestment of dividends, on the Company's common shares to such return for Standard & Poor's ("S&P") 500 Composite Stock Price Index and S&P's 1500 Composite Property & Casualty Insurance Index for the period commencing on December 31, 2005 and ending on December 31, 2010, assuming $100 was invested on December 31, 2005. Each measurement point on the graph below represents the cumulative shareholder return as measured by the last sale price at the end of each year during the period from December 31, 2005 through December 31, 2010. As depicted in the graph below, during this period the cumulative total shareholder return on the Company's common shares was 39%, the cumulative total return for the S&P 500 Composite Stock Price Index was 12% and the cumulative total return for the S&P 1500 Composite Property & Casualty Insurance Index was 18%.



The Company has attempted to identify an index which most closely matches its business. There are no indices that properly reflect the returns of the reinsurance industry. The S&P 1500 Composite Property & Casualty Insurance Index is used as it is the broadest index of companies in the property and casualty industry. We caution the reader that this index of 25 companies does not include any companies primarily engaged in the reinsurance business, and therefore it is provided to offer context for evaluating performance, rather than direct comparison.

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ITEM 6. SELECTED FINANCIAL DATA

Selected Consolidated Financial Data

This data should be read in conjunction with the Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements in Item 8 of Part II of this report and with other information contained in this report, including Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of Part II of this report.

The Statement of Operations Data reflects the consolidated results of the Company and its subsidiaries for 2006, 2007, 2008, 2009 and 2010, including the results of Paris Re from October 2, 2009. The Balance Sheet Data reflects the consolidated financial position of the Company and its subsidiaries as at December 31, 2006, 2007, 2008, 2009 and 2010, including Paris Re as at December 31, 2009 and 2010.

(Expressed in millions of U.S. dollars or shares, except per share data)

	For the years ended December 31,				
Statement of Operations Data	**2010**	**2009**	**2008**	**2007**	**2006**
Gross premiums written	**$ 4,885**	$ 4,001	$ 4,028	$ 3,810	$ 3,734
Net premiums written	**4,705**	3,949	3,989	3,757	3,689
Net premiums earned	**$ 4,776**	$ 4,120	$ 3,928	$ 3,777	$ 3,667
Net investment income	**673**	596	573	523	449
Net realized and unrealized investment gains (losses)	**402**	591	(531)	(72)	47
Net realized gain on purchase of capital efficient notes	**—**	89	—	—	—
Other income (loss)	**10**	22	10	(17)	24
Total revenues	**5,861**	5,418	3,980	4,211	4,187
Losses and loss expenses and life policy benefits	**3,284**	2,296	2,609	2,082	2,111
Total expenses	**4,892**	3,635	3,918	3,328	3,355
Income before taxes and interest in earnings (losses) of equity investments	**969**	1,783	62	883	832
Income tax expense	**129**	262	10	82	95
Interest in earnings (losses) of equity investments	**13**	16	(5)	(83)	12
Net income	**$ 853**	$ 1,537	$ 47	$ 718	$ 749
Basic net income per common share	**$ 10.65**	$ 23.93	$ 0.22	$ 12.18	$ 12.58
Diluted net income per common share	**$ 10.46**	$ 23.51	$ 0.22	$ 11.87	$ 12.37
Dividends declared and paid per common share	**$ 2.05**	$ 1.88	$ 1.84	$ 1.72	$ 1.60
Operating earnings available to common shareholders (1)	**$ 505**	$ 932	$ 469	$ 822	$ 668
Operating return on beginning common shareholders' equity (2)	**7.1%**	22.3%	12.3%	25.2%	26.0%
Weighted average number of common shares and common share equivalents outstanding	**78.2**	63.9	55.6	57.6	57.8
Non-life ratios					
Loss ratio	**65.9%**	52.7%	63.9%	50.8%	54.8%
Acquisition ratio	**21.3**	21.9	23.3	22.9	23.1
Other operating expense ratio	**7.8**	7.2	6.9	6.7	6.5
Combined ratio	**95.0%**	81.8%	94.1%	80.4%	84.4%

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Balance Sheet Data	At December 31, 2010	2009	2008	2007	2006
Total investments, funds held – directly managed and cash and cash equivalents	**$ 18,181**	$ 18,165	$ 11,724	$ 11,572	$ 10,679
Total assets	**23,364**	23,733	16,279	16,149	15,034
Unpaid losses and loss expenses and policy benefits for life and annuity contracts	**12,417**	12,427	8,943	8,773	8,301
Debt related to senior notes	**750**	250	250	—	—
Debt related to capital efficient notes	**71**	71	258	258	258
Long-term debt	**—**	—	200	620	620
Total shareholders' equity	**7,207**	7,646	4,199	4,322	3,786
Diluted book value per common shares and common share equivalents outstanding	**$ 93.77**	$ 84.51	$ 63.95	$ 67.96	$ 56.07
Number of common shares outstanding, net of treasury shares	**70.0**	82.6	56.5	54.3	57.1

(1) Operating earnings or loss available to common shareholders is calculated as net income or loss available to common shareholders excluding net realized and unrealized gains or losses on investments, net of tax, net realized gain on purchase of CENts, net of tax, and interest in earnings or losses of equity investments, net of tax, where the Company does not control the investee companies' activities, and is calculated after preferred dividends. The presentation of operating earnings or loss available to common shareholders is a non-GAAP financial measure within the meaning of Regulation G. See Key Financial Measures in Item 7 of Part II of this report for a detailed discussion of the measures used by the Company to evaluate its financial performance.

(2) Operating return on beginning common shareholders' equity (Operating ROE) is calculated using operating earnings or loss available to common shareholders, as defined above, divided by beginning common shareholders' equity. The presentation of Operating ROE is a non-GAAP financial measure within the meaning of Regulation G. See Key Financial Measures in Item 7 of Part II of this report for a detailed discussion of the measures used by the Company to evaluate its financial performance.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis reflects the consolidated results of the Company and its subsidiaries for the years ended December 31, 2008, 2009 and 2010, including the results of Paris Re from October 2, 2009 the date of acquisition of controlling interest (Acquisition Date).

Executive Overview

The Company is a leading global reinsurer, with a broadly diversified and balanced portfolio of traditional reinsurance risks and capital markets risks.

Successful risk management is the foundation of the Company's value proposition, with diversification of risks at the core of its risk management strategy. The Company's ability to succeed in the risk assumption and management business is dependent on its ability to accurately analyze and quantify risk, to understand volatility and how risks aggregate or correlate, and to establish the appropriate capital requirements and limits for the risks assumed. All risks are managed by the Company within an integrated framework of policies and processes that ensure the intelligent and consistent evaluation and valuation of risk, and ultimately provide an appropriate return to shareholders.

The Company's economic objective is to manage a portfolio of risks that will generate compound annual Diluted Book Value per Share growth of 10% and an average Operating ROE of 13% over a reinsurance cycle. Both of these metrics are defined below in Key Financial Measures.

In its reinsurance portfolio, the Company writes all lines of business in virtually all markets worldwide, and differentiates itself through its risk management strategy and its financial strength. In assuming its clients' risks, the Company removes the volatility associated with those risks from the clients' financial statements, and then manages those risks and the risk-related volatility. Through its broad product and geographic diversification, its excellent execution capabilities and its local presence in most major markets, the Company is able to stabilize returns, respond quickly to market needs, and capitalize on business opportunities virtually anywhere in the world.

Similarly, for the Company's capital markets risks, which include both public and private market investments, diversification of risks is critical to achieving the risk and return objectives of the Company. The Company's investment policy distinguishes between liquid, high quality assets that support the Company's liabilities, and the more diversified, higher risk asset classes that make up the Company's capital funds. While there will be years where capital markets risks achieve less than the risk-free rate of return, or potentially even negative results, the Company believes the rewards for assuming these risks in a disciplined and measured way will produce a positive excess return to the Company over time. Additionally, since capital markets risks are not fully correlated with the Company's reinsurance risks, this increases the overall diversification of the Company's total risk portfolio.

The reinsurance markets have historically been highly cyclical in nature. The cycle is driven by competition, the amount of capital and capacity in the industry, loss events and investment returns. The Company's long-term strategy to generate shareholder value focuses on broad product, asset and geographic diversification of risks, assuming a moderately greater degree of risk than the market average, actively managing its capital across its portfolio and over the duration of the cycle, adding value through underwriting and transactional excellence and achieving superior returns on invested assets in the context of a disciplined risk framework.

The Company generates its reinsurance revenue from premiums. Premium rates and terms and conditions vary by line of business depending on market conditions. Pricing cycles are driven by supply of capital in the industry and demand for reinsurance and other risk transfer products. The reinsurance business is also influenced by several other factors, including variations in interest rates and financial markets, changes in legal, regulatory and judicial environments, loss trends, inflation and general economic conditions.

Between 2001 and 2004, premium rates increased, driven by large loss events and there were steep declines in interest rates and equity values, adding to the pressure for improvements in pricing and underwriting terms. This began to reverse in late 2003 and continued into 2004, when the Company began to see a slowing and/or flattening in the rate of improvement. During 2005, pricing was generally flat to down, except for wind-exposed lines, with 2005 being the worst year in the history of the industry in terms of catastrophe losses, with Hurricane Katrina being the largest insured event ever. Consequently, the Company observed in 2006 strong pricing increases in the lines and geographies that were affected by the large 2005 catastrophic loss events. Pricing in other lines was generally stable. In 2007, pricing remained strong for U.S. wind-exposed lines, while all other lines saw pricing declines.

In 2008, pricing declined in most major markets and most lines of business as there was a continuation of the trend toward increasing risk retention by cedants, and restructuring proportional coverages to non-proportional treaties, which led to the reduction in the amount of premiums in the reinsurance marketplace. In 2008, there was also an increase in severity of losses, such as Hurricane Ike, frequency of losses and significant and widespread financial turmoil stemming from the sub-prime mortgage and resulting global credit and financial crisis.

In 2009, the non-life reinsurance market overall remained relatively unchanged from 2008. Pricing and profitability improved in certain catastrophe-exposed property lines in the U.S. and Japan, but elsewhere, especially in casualty lines, the impact of stagnant pricing and interest rates near historic lows caused continued pressure on returns on capital, pricing and profitability. Beginning in the second quarter, and continuing through the rest of 2009, financial markets showed improvement, primarily with increases in worldwide equity and credit markets.

The acquisition of Paris Re, combined with a strong net income during 2009, resulted in the Company's total capital increasing to approximately $8 billion at December 31, 2009. This acquisition provided the Company with enhanced strategic and financial flexibility in a less predictable and more limited growth environment. The Company's larger premium base allows it to deploy capital to the lines of business and markets with the most attractive risk and return characteristics, and take advantage of opportunities as they arise.

In 2010, the trends observed in 2008 and 2009 continued with diverse conditions prevailing in various markets. Certain markets and lines of business experienced increased competition, higher cedant retentions and declines in pricing, while the terms in other markets strengthened or remained stable. In 2010, there was also an increase in catastrophic and large loss activity, with the most significant events impacting the Company being the Chile Earthquake, the New Zealand Earthquake and the explosion and subsequent sinking of the Deepwater Horizon Drilling Platform (Deepwater Horizon), as well as an increased frequency of losses. The global economy and financial markets continued to improve during 2010 primarily reflecting rising equity markets.

Overall, the January 1, 2011 renewals saw challenging market conditions with reductions in pricing profitability and increased cedants retentions in most lines of business, with the Company only observing pricing improvements in certain lines of business in response to loss experience. As a result of the reductions in pricing, the Company decided to non-renew or reduce its participations on certain treaties. In addition, the Company actively repositioned its portfolio at the January 1, 2011 renewals, and reduced certain catastrophe exposures, following the integration of Paris Re's business and underwriting activities into its existing platform. While expected premium volume will decrease due to the factors described above, Management believes it has maintained appropriate diversification in its risk portfolio and maintained a similar priced technical ratio (defined below) to that of the January 1, 2010 renewal. The impact of the Company repositioning its portfolio during the January 1, 2011 renewals is not considered to be indicative of the full year trend given the Company has already repositioned and integrated certain later renewal dates during 2010.

A key challenge facing the Company is to successfully manage risk through all phases of the reinsurance cycle. The Company is confident in its long-term strategy, and believes that by closely monitoring the progression of each line of business, being selective in the business that it writes, and maintaining the

diversification and balance of its portfolio, it will optimize returns. Individual lines of business and markets have their own unique characteristics and are at different stages of the reinsurance pricing cycle at any given point in time. Management believes it has achieved appropriate portfolio diversification by product, geography, line and type of business, length of tail, and distribution channel, and that this diversification, in addition to the financial strength of the Company and its strong global franchise, will help to mitigate cyclical declines in underwriting profitability and to achieve a more stable return over time.

The Company's profitability is significantly affected by the level of its losses and loss expenses incurred. The Company recognizes losses and loss expenses on the basis of actual and expected claims on business written and earned. The Company's Non-life and Life net reserve positions at December 31, 2010 were $10.3 billion and $1.7 billion, respectively. Management believes that it follows prudent and consistent reserving policies to maintain a strong financial position. A key challenge for the Company is the accurate estimation of loss reserves for each line of business, which is critical in order to accurately determine the profitability of each line and allocate the appropriate amount of capital to each line in a manner that optimizes profitability.

Within the Company's Life segment, the reinsurance market is differentiated between mortality and longevity products, with mortality being the larger market. For both the mortality and longevity markets in which the Company writes business, the Company observed improved pricing and conditions and attractive opportunities to grow the portfolio during 2010. Management believes the life business provides the Company with additional diversification benefits and balance to its portfolio. The Company does not write life business in the U.S. market.

The Company's capital markets and investment operations, including public and private market investments, experienced a difficult year in 2008, with significant economic fallout resulting from the deterioration of the credit markets which began in 2007. In 2008, the financial markets experienced severe dislocation and unprecedented events, including extreme volatility in foreign exchange markets and worldwide equity markets, significant declines in risk-free interest rates and increases in credit spreads, risk assets under-performing risk-free assets and several financial institutions being subject to government bail-out packages both in the U.S. and Europe. During 2009, the improvements in equity and credit markets contributed to the Company's return on its investment portfolio significantly outperforming risk-free rates compared to its returns in 2008, which were below risk-free rates. In 2010, the global economy and financial markets continued to improve reflecting rising equity markets. The Company believes that capital market risks managed in a disciplined and measured way will generate positive excess returns to the Company over time.

The Company generates revenue from its substantial and high quality investment portfolio, as well as the investments underlying the funds held – directly managed account. The Company follows prudent investment guidelines through a strategy that seeks to maximize returns while managing investment risk in line with the Company's overall objectives of earnings stability and long-term book value growth. The Company allocates its invested assets into two categories: liability funds and capital funds. See the discussion of liability funds and capital funds in Financial Condition, Liquidity and Capital Resources. A key challenge for the Company is achieving the right balance between current investment income and total returns (that include price appreciation or depreciation) in changing market conditions. The Company regularly reviews the allocation of investments to asset classes within its investment portfolio and its funds held – directly managed account and allocates investments to those asset classes the Company anticipates will outperform in the near future, subject to limits and guidelines. Similarly, the Company reduces its exposure to risk asset classes where returns are underperforming. The Company may also lengthen or shorten the duration of its fixed income portfolio in anticipation of changes in interest rates, or increase or decrease the amount of credit risk it assumes, depending on credit spreads and anticipated economic conditions. During 2010, the Company took a measured approach to adding risk back into the investment portfolio, by increasing its allocation to equities, and it has shortened the duration of its fixed income portfolio given historically low interest rates and to limit the impact of a potential rise in interest rates.

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Key Financial Measures

In addition to the Consolidated Balance Sheets and Consolidated Statement of Operations and Comprehensive Income, Management uses certain key measures to evaluate its financial performance and the overall growth in value generated for the Company's common shareholders. The four key measures that Management uses, together with definitions of their calculations, are as follows:

	2010	2009	2008
Diluted book value per common shares and common share equivalents outstanding (1)	**$ 93.77**	$ 84.51	$ 63.95
Operating earnings available to common shareholders (in millions of U.S. dollars) (2)	**$ 505**	$ 932	$ 469
Operating return on beginning common shareholders' equity (3)	**7.1%**	22.3%	12.3%
Combined ratio (4)	**95.0%**	81.8%	94.1%

(1) *Diluted book value per common shares and common share equivalents outstanding is calculated using common shareholders' equity (shareholders' equity less the aggregate liquidation value of preferred shares) divided by the number of fully diluted common shares and common share equivalents outstanding (assuming exercise of all stock-based awards and other dilutive securities).*

(2) *Operating earnings or loss available to common shareholders is calculated as net income or loss available to common shareholders excluding net realized and unrealized gains or losses on investments, net of tax, net realized gain on purchase of CENts, net of tax, and interest in earnings or losses of equity investments, net of tax, where the Company does not control the investee companies' activities, and is calculated after preferred dividends. The presentation of operating earnings or loss available to common shareholders is a non-GAAP financial measure within the meaning of Regulation G (see Comment on Non-GAAP Measures below) and is reconciled to the nearest GAAP financial measure below.*

(3) *Operating return on beginning common shareholders' equity (Operating ROE) is calculated using operating earnings or loss available to common shareholders, as defined above, divided by beginning common shareholders' equity. For the year ended December 31, 2009, following the acquisition of Paris Re, Management adjusted Operating ROE to be the sum of the results for the nine months ended September 30, 2009 divided by beginning of year common shareholders' equity plus the results for the three months ended December 31, 2009 divided by beginning of year common shareholders' equity plus the equity issued related to the acquisition of Paris Re. The presentation of Operating ROE is a non-GAAP financial measure within the meaning of Regulation G (see Comment on Non-GAAP Measures below) and is reconciled to the nearest GAAP financial measure below.*

(4) *The combined ratio of the Non-life segment is calculated as the sum of the technical ratio (losses and loss expenses and acquisition costs divided by net premiums earned) and the other operating expense ratio (other operating expenses divided by net premiums earned).*

Diluted book value per common shares and common share equivalents outstanding (Diluted Book Value per Share): Management uses growth in Diluted Book Value per Share as a prime measure of the value the Company is generating for its common shareholders, as Management believes that growth in the Company's Diluted Book Value per Share ultimately translates into growth in the Company's stock price. Diluted Book Value per Share is impacted by the Company's net income, capital resources management and external factors such as foreign exchange, interest rates and equity markets, which can drive changes in unrealized gains or losses on its investment portfolio.

Over the past five years, since December 31, 2005, the Company has generated a compound annual growth rate in Diluted Book Value per Share in excess of 16.0%. The Company's Diluted Book Value per Share increased by 11% to $93.77 at December 31, 2010 from $84.51 at December 31, 2009, primarily due to comprehensive income and the accretive impact of the share repurchases during 2010 (see Shareholders' Equity and Capital Resources Management below).

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Operating earnings or loss available to common shareholders (Operating Earnings or Loss): Management uses Operating Earnings or Loss to measure its financial performance as this measure focuses on the underlying fundamentals of the Company's operations by excluding net realized and unrealized gains or losses on investments, net realized gain on purchase of CENts and interest in earnings or losses of equity investments. Net realized and unrealized gains or losses on investments in any particular period and net realized gain on purchase of CENts are not indicative of the performance of, and distort trends in, the Company's business as they predominantly result from general economic and financial market conditions, and the timing of realized gains or losses on investments is largely opportunistic. Interest in earnings or losses of equity investments are also not indicative of the performance of, or trends in, the Company's business as the Company does not control the investee companies' activities. Management believes that the use of Operating Earnings or Loss enables investors and other users of the Company's financial information to analyze its performance in a manner similar to how Management analyzes performance. Management also believes that this measure follows industry practice and, therefore, allows the users of financial information to compare the Company's performance with its industry peer group, and that the equity analysts and certain rating agencies which follow the Company, and the insurance industry as a whole, generally exclude these items from their analyses for the same reasons.

Operating Earnings decreased by $427 million in 2010 compared to 2009 primarily due to a decrease in the Non-life underwriting result of $451 million, a decrease in Life underwriting result of $40 million, higher corporate operating expenses of $35 million and various other factors. These factors contributing to a decrease in Operating Earnings were partially offset by a lower tax expense that is attributable to Operating Earnings of $108 million and an increase in net investment income of $77 million. Operating Earnings increased by $463 million in 2009 compared to 2008 primarily due to an increase in the Non-life underwriting result of $456 million and an increase in the Life underwriting result of $39 million, which was partially offset by a higher tax expense that is attributable to Operating Earnings of $47 million. These factors contributing to the increases or decreases in Operating Earnings in 2010 compared to 2009 and in 2009 compared to 2008 are further described in Overview and Review of Net Income below.

The presentation of Operating Earnings or Loss available to common shareholders is a non-GAAP financial measure within the meaning of Regulation G and should be considered in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP (see Comment on Non-GAAP Measures). The table below provides a reconciliation of operating earnings available to common shareholders to the most comparable GAAP financial measure (in millions of U.S. dollars):

	2010	2009	2008
Net income	**$ 853**	$ 1,537	$ 47
Less:			
Net realized and unrealized investment gains (losses), net of tax	**301**	497	(453)
Net realized gain on purchase of capital efficient notes, net of tax	**—**	57	—
Interest in earnings (losses) of equity investments, net of tax	**12**	16	(4)
Dividends to preferred shareholders	**35**	35	35
Operating earnings available to common shareholders	**$ 505**	$ 932	$ 469

Operating ROE: Management uses operating return on beginning common shareholders' equity (Operating ROE) as a measure of profitability that focuses on the return to common shareholders. Management has set an average 13% Operating ROE target over the reinsurance cycle, which Management believes provides an attractive return to shareholders for the risk assumed. Each business unit and support department throughout the Company is focused on seeking to ensure that the Company meets the 13% return objective. This means that most economic decisions, including capital attribution and underwriting pricing decisions, incorporate an Operating ROE impact analysis. For the purpose of that analysis, an appropriate amount of capital (equity) is attributed to each transaction for determining the transaction's priced return on attributed capital. Subject to an adequate return for the risk level as well as other factors, such as the contribution of each risk to the overall risk

level and risk diversification, capital is attributed to the transactions generating the highest priced return on deployed capital. Management's challenge consists of (i) attributing an appropriate amount of capital to each transaction based on the risk created by the transaction, (ii) properly estimating the Company's overall risk level and the impact of each transaction on the overall risk level, (iii) assessing the diversification benefit, if any, of each transaction, and (iv) deploying available capital. The risk for the Company lies in mis-estimating any one of these factors, which are critical in calculating a meaningful priced return on deployed capital, and entering into transactions that do not contribute to the Company's 13% Operating ROE objective.

Operating ROE decreased from 22.3% in 2009 to 7.1% in 2010 primarily due to a higher beginning common shareholders' equity balance in 2010 compared to 2009, which also resulted in a reduction in the Company's premium leverage, and the decrease in Operating Earnings described above. The higher beginning common shareholders' equity balance in 2010 was due to the increase in the number of shares outstanding following the issuance of shares to acquire Paris Re in the fourth quarter of 2009 and strong net income during 2009. Operating ROE increased from 12.3% in 2008 to 22.3% in 2009 due to the increase in Operating Earnings described above, partially offset by an increase in the number of shares outstanding following the issuance of shares to acquire Paris Re.

Average Operating ROE for the past five years was 18.6%. The 5-year average reflects higher Operating ROE primarily in 2006, 2007 and 2009, which were not impacted by any significant catastrophic losses.

The presentation of Operating ROE is a non-GAAP financial measure within the meaning of Regulation G and should be considered in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP (see Comment on Non-GAAP Measures). The table below provides a reconciliation of Operating ROE to the most comparable GAAP financial measure:

	2010	2009 (1)	2008
Return on beginning common shareholders' equity calculated with net income available to common shareholders	**11.5%**	37.5%	0.3%
Less:			
Net realized and unrealized investment gains (losses), net of tax, on beginning common shareholders' equity	**4.2**	13.3	(11.9)
Net realized gain on purchase of capital efficient notes, net of tax, on beginning common shareholders' equity	**—**	1.6	—
Interest in earnings (losses) of equity investments, net of tax, on beginning shareholders' equity	**0.2**	0.3	(0.1)
Operating return on beginning common shareholders' equity	**7.1%**	22.3%	12.3%

(1) For the year ended December 31, 2009, following the acquisition of Paris Re, Management adjusted the return on beginning common shareholders' equity to be the sum of the results for the nine months ended September 30, 2009 divided by beginning of year common shareholders' equity plus the results for the three months ended December 31, 2009 divided by beginning of year common shareholders' equity plus the equity issued related to the acquisition of Paris Re.

Combined Ratio: The combined ratio is used industry-wide as a measure of underwriting profitability for Non-life business. A combined ratio under 100% indicates underwriting profitability, as the total losses and loss expenses, acquisition costs and other operating expenses are less than the premiums earned on that business. While an important metric of underwriting profitability, the combined ratio does not reflect all components of profitability, as it does not recognize the impact of interest income earned on premiums between the time premiums are received and the time loss payments are ultimately made to clients. The key challenges in managing the combined ratio metric consist of (i) focusing on underwriting profitable business even in the weaker part of the reinsurance cycle, as opposed to growing the book of business at the cost of profitability, (ii) diversifying the portfolio to achieve a good balance of business, with the expectation that underwriting losses in certain lines or markets may potentially be offset by underwriting profits in other lines or markets, and (iii) maintaining control over expenses.

From 2002 onwards, the Company had eight years of underwriting profitability reflected in combined ratios of less than 100% for its Non-life segment, with the only exception being 2005. In 2005, when the industry recorded its worst year in history in terms of catastrophe losses, with Hurricane Katrina being the largest insured event ever, the Company recorded a net underwriting loss and Non-life combined ratio of 116.3%.

The Non-life combined ratio increased from 81.8% in 2009 to 95.0% in 2010 primarily due to 13.9 points resulting from losses and loss expenses related to the Chile Earthquake, New Zealand Earthquake, Deepwater Horizon and an aggregate contract covering losses in Australia and New Zealand. The combined ratio decreased from 94.1% in 2008 to 81.8% in 2009 primarily due to the absence of large catastrophic losses in 2009 compared to losses and loss expenses related to Hurricane Ike in 2008.

Comment on Non-GAAP Measures

Throughout this filing, the Company's results of operations have been presented in the way that Management believes will be the most meaningful and useful to investors, analysts, rating agencies and others who use financial information in evaluating the performance of the Company. This presentation includes the use of Operating Earnings or Loss and Operating ROE that are not calculated under standards or rules that comprise U.S. GAAP. These measures are referred to as non-GAAP financial measures within the meaning of Regulation G. Management believes that these non-GAAP financial measures are important to investors, analysts, rating agencies and others who use the Company's financial information and will help provide a consistent basis for comparison between years and for comparison with the Company's peer group, although non-GAAP measures may be defined or calculated differently by other companies. Investors should consider these non-GAAP measures in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP. A reconciliation of these measures to the most comparable U.S. GAAP financial measures, net income and return on beginning common shareholders' equity calculated with net income available to common shareholders, is presented above.

Other Key Issues of Management

Enterprise Culture

Management is focused on ensuring that the structure and culture of the organization promote intelligent, prudent, transparent and ethical decision-making. Management believes that a sound enterprise culture starts with the tone at the top. The Executive Management holds regular company-wide information sessions to present and review Management's latest decisions, whether operational, financial or structural, as well as the financial results of the Company. Employees are encouraged to address questions related to the Company's results, strategy or Management decisions, either anonymously or otherwise to Management so that they can be answered during these information sessions. Management believes that these sessions provide a consistent message to all employees about the Company's value of transparency. Management also strives to promote a work environment that (i) aligns the skill set of individuals with challenges encountered by the Company, (ii) includes segregation of duties to ensure objectivity in decision-making, and (iii) provides a compensation structure that encourages and rewards intelligent and ethical behavior. To that effect, the Company has a written Code of Business Conduct and Ethics and provides employees with a direct communication channel to the Audit Committee in the event they become aware of questionable behavior of Management or anyone else. Finally, Management believes that building a sound internal control environment, including a strong internal audit function, helps ensure that behaviors are consistent with the Company's cultural values.

Capital Adequacy

A key challenge for Management is to maintain an appropriate level of capital, especially in light of the recent disruptions in the global credit and capital markets. Management's first priority is to hold sufficient capital to meet all of the Company's obligations to cedants, meet regulatory requirements and support its position as one of the stronger reinsurers in the industry. Holding an excessive amount of capital, however, will reduce the

Company's Operating ROE. Consequently, Management closely monitors its capital needs and capital level throughout the cycle and in times of volatility and turmoil in global capital markets, and actively takes steps to increase or decrease the Company's capital in order to achieve the proper balance of financial strength and shareholder returns. Capital management is achieved by either deploying capital to fund attractive business opportunities, or in times of excess capital and times when business opportunities are not so attractive, returning capital to shareholders by way of share repurchases and dividends. During 2010, the Company repurchased 14 million of its common shares for a total cost of $1.1 billion. In addition, the Company increased the quarterly dividends on its common shares by 17% during the year, from $0.47 per share for the three months ended December 31, 2009, to $0.55 per share for the three months ended December 31, 2010.

Liquidity and Cash Flows

The Company aims to be a reliable and financially secure partner to its cedants. This means that the Company must maintain sufficient liquidity at all times so that it can support its cedants by settling claims quickly. The Company generates cash flows primarily from its underwriting and investment operations. Management believes that a profitable, well-run reinsurance organization will generate sufficient cash from premium receipts to pay claims, acquisition costs and operating expenses in most years. To the extent that underwriting cash flows are not sufficient to cover operating cash outflows in any year, the Company may utilize cash flows generated from investments and may ultimately liquidate assets from its investment portfolio. Management ensures that its liquidity requirements are supported by maintaining a high quality, well balanced and liquid investment portfolio, and by matching the duration of its investments and investments underlying the funds held – directly managed account with that of its net reinsurance liabilities. In 2011, the Company expects to continue to generate positive operating cash flows, absent a series of unusual catastrophic events. The Company also maintains credit facilities with banks that can provide efficient access to cash in the event of an unforeseen cash requirement.

Risk Management

A key challenge in the reinsurance industry is to create economic value through the intelligent assumption of reinsurance and capital markets and investment risk, but also to limit or mitigate those risks that can destroy tangible as well as intangible value. Management believes that every organization faces numerous risks that could threaten the successful achievement of a company's goals and objectives. These include choice of strategy and markets, economic and business cycles, competition, changes in regulation, data quality and security, fraud, business interruption and management continuity; all factors which can be viewed as either strategic or operational risks that are common to any industry (See Risk Factors in Item 1A of Part I of this report). In addition to these risks, the Company assumes risks and its results are primarily determined by how well the Company understands, prices and manages assumed risk. While many industries and companies start with a return goal and then attempt to shed risks that may derail that goal, the Company starts with a capital-based risk appetite and then looks for risks that meet its return targets within that framework. Management believes that this construct allows the Company to balance the cedants' need for certainty of claims payment with the shareholders' need for an adequate return on their capital.

The Company has a clearly defined governance structure for risk management. Executive Management and the Board are responsible for setting the vision and goals including risk appetite and return expectations. Strategy and principles are recommended by Executive Management and approved by the Board. Key policies and Group policies are established by the Chief Executive Officer and policies at the next level down are established by Business Unit and functional management. Risk management policies and processes are coordinated by Group Risk Management and audited by Internal Audit. The results of audits are monitored by the Audit Committee of the Board.

Strategic risks are managed by Executive Management and include the direction and governance of the Company, as well as its response to key external factors faced by the reinsurance industry.

The Company manages assumed risk at a strategic level through diversification, risk appetite, and limits. For each key risk, the Board approves a risk appetite that the Company defines as the percentage of economic capital the Company is willing to expose to economic loss with a modeled probability of occurring once every 15 years and once every 75 years. The Company manages its exposure to key risks such that the modeled economic loss at a 1 in 15 year and a 1 in 75 year return period are less than the economic capital the Company is willing to expose to the key risks at those return periods. In addition, the Risk and Finance Committee of the Board approves aggregate risk limits for the key risks.

The Company's risk limits are stated as explicit numerical expressions, such as total aggregate limits in a catastrophe zone, earned premium for casualty business, the market value of equity and equity-like securities and an extreme scenario for longevity business. Executive and Business Unit Management set additional specific and aggregate risk limits within the limits approved by the Risk and Finance Committee. The actual level of risk is dependent on current market conditions and the need for balance in the Company's portfolio of risks. On a quarterly basis, Management reviews and reports to the Board the actual utilization of limits against approved limits and modeled economic loss against approved appetite for the key risks.

Individual business units manage assumed risks, subject to the appetite and principles approved by the Board, limits approved by the Risk and Finance Committee, and policies established by Executive and Business Unit Management. At an operational level, business units manage assumed risk through risk mitigation strategies including strong processes, technical risk assessment and collaboration among different groups of professionals who each contribute a particular area of expertise.

Operational and financial risks are managed by designated functions within the organization. They include failures or weaknesses in financial reporting and controls, regulatory non-compliance, poor cash management, fraud, breach of information technology security and reliance on third party vendors. The Company seeks to minimize these risks through robust processes and controls. Controls and monitoring processes throughout the organization seek to ensure that the Executive Management and the Board have a comprehensive view of the Company's risks and related mitigation strategies at all times.

The major risks to the Company's balance sheet are typically due to events that Management refers to as shock losses. The Company defines a shock loss as an event that has the potential to materially impact economic value. The Company defines its economic value as the difference between the net present value of tangible assets and the net present value of liabilities, using appropriate risk discount rates, plus the unrecognized value of the Life portfolio. For traded assets, the calculated net present values are equivalent to market values.

There are four areas of risk that the Company has currently identified as having the greatest potential for shock losses: catastrophe, reserving for casualty and other long-tail lines, equity and equity-like investment risk and longevity risk. The Company manages the risk of shock losses by setting risk appetite and limits, as described above and below, for each type of shock loss. The Company establishes limits to manage the maximum foreseeable loss from any one event and considers the possibility that several shock losses could occur at one time, for example a major catastrophe event accompanied by a collapse in the equity markets. Management believes that the limits that it has placed on shock losses will allow the Company to continue writing business should such an event occur.

Other risks such as interest rate risk and credit spread risk have the ability to impact results substantially and may result in volatility in results from period to period. However, Management believes that by themselves, interest rate risk and credit spread risk are unlikely to represent a material threat to the Company's long-term economic value. See Quantitative and Qualitative Disclosures about Market Risk in Item 7A of Part II of this report for additional disclosure on interest rate risk, credit spread risk, foreign currency risk, counterparty credit risk and equity price risk.

The Company seeks to maintain a risk appetite moderately above the average of the reinsurance market because Management believes that this position offers the best potential for creating shareholder value at an

acceptable risk level. The most profitable products generally present the most volatility and potential risk. Management believes that the Company's actual risk profile is equal to or less than the average of the reinsurance market because of the level of diversification achieved in the portfolio, the strict adherence to risk appetite and limits, and the risk mitigation strategies employed.

Catastrophe Risk

The Company defines this risk as the risk that the aggregate losses from natural perils materially exceed the net premiums that are received to cover such risks. The Company considers both the loss of capital due to a single large event and the loss of capital that would occur from multiple (but potentially smaller) events in any year.

The Company imposes a limit to catastrophe risk from any single loss through exposure limit caps in each zone and to each peril. Limits from catastrophe exposed business include limits on both reinsurance treaties and insurance-linked securities. The Company also manages its catastrophe exposures such that the chance of an economic loss to the Company from all catastrophe losses in aggregate in any one year exceeding $1.6 billion has a modeled probability of occurring less than once every 75 years. To measure this probability, the Company uses proprietary and vendor models that take into account the likely frequency and severity of catastrophic events with a forward looking approach using exposure. This quantitative analysis is supplemented with the professional judgment of experienced underwriters. At December 31, 2010, the modeled economic loss to the Company from a 1 in 75 year catastrophic loss was $1.3 billion, in aggregate, for all zones.

Catastrophe risk is managed through the real-time allocation of catastrophe exposure capacity in each exposure zone to different business units, regular catastrophe modeling and a combination of quantitative and qualitative analysis. A zone is a geographic area in which the insurance risks are considered to be correlated to a single catastrophic event. Not all zones have the same limit and zones are broadly defined so that it would be highly unlikely for any single event to substantially erode the aggregate exposure limits from more than one zone. Even extremely high severity/low likelihood events will only partially exhaust the limits in any zone, as they are likely to only affect a part of the area covered by a wide zone.

Casualty Reserving Risk

The Company defines this risk as the risk that the estimates of ultimate losses that underlie its booked reserves for casualty and other long-tail lines will prove to be too low, leading to substantial reserve strengthening. One of the greatest risks in long-tail lines of business, and particularly in U.S. casualty, is that the loss trends are higher than the assumptions underlying the Company's ultimate loss estimates, resulting in ultimate losses that exceed recorded loss reserves. When loss trends prove to be higher than those underlying the reserving assumptions, the risk is great because of a stacking up effect: for long-tail lines, the Company carries reserves to cover claims arising from several years of underwriting activity and these reserves are likely to be adversely affected by unfavorable loss trends. The effect is likely to be more pronounced for recent underwriting years because, with the passage of time, actual loss emergence and data provide greater confidence around the adequacy of ultimate liability estimates for older underwriting years. Management believes that the volume of long-tail business most exposed to these reserving uncertainties should be limited.

The Company's limit for casualty reserving risk represents the total earned premiums for casualty and other long-tail lines for the four most recent underwriting periods. The Company also manages its casualty and other long-tail lines exposure such that the chance of an economic loss to the Company from prior years' deterioration in casualty and other long-tail reserves exceeding $0.8 billion has a modeled probability of occurring less than once every 15 years. To measure this probability, the Company uses proprietary models that contemplate the range of possible reserve outcomes given historic volatility of the Company's and industry reserve development data and the possible impacts upon the range of reserves of risk factors inherent in the current booked reserves. This quantitative analysis is supplemented with the professional judgment of experienced actuaries. At December 31, 2010, the modeled economic loss to the Company from a 1 in 15 year casualty and other long-tail lines prior years' reserve development was $0.4 billion.

The Company manages and mitigates the reserving risk for long-tail lines in a variety of ways. Underwriters and pricing actuaries follow a disciplined underwriting process that utilizes all available data and information, including industry trends, and the Company establishes prudent reserving policies for determining carried reserves. These policies are systematic and Management endeavors to apply them consistently over time. See Critical Accounting Policies and Estimates—Losses and Loss Expenses and Life Policy Benefits below.

Equity Investment Risk

The Company defines this risk as the risk of a substantial decline in the value of its equity and equity-like securities. The Company defines equity and equity-like securities as the market value of all assets that are not investment grade fixed income.

The Company limits the amount of equity and equity-like securities to a percentage of economic capital. The Company also manages its equity and equity-like exposures such that the chance of an economic loss to the Company of a severe decline in value of equity and equity-like securities exceeding $1.2 billion has a modeled probability of occurring less than once every 75 years. To measure this probability, the Company uses proprietary and vendor models that contemplate the range of historic and possible future returns. This quantitative analysis is supplemented with the professional judgment of experienced investment professionals and actuaries. At December 31, 2010, the modeled economic loss to the Company from a 1 in 75 year equity and equity-like value decline was $0.5 billion.

Assuming equity risk (and equity-like risks such as high yield bonds and convertible securities) within that part of the investment portfolio that is not required to support the Company's reinsurance liabilities provides valuable diversification from other risk classes, along with the potential for higher returns. However, an overweight position could lead to a large loss of capital and impair the balance sheet in the case of a market crash. The Company sets strict limits on investments in any one name and any one industry, which creates a diversified portfolio and allows Management to focus on the systemic effects of equity risks. Systemic risk is managed by asset allocation, subject to strict caps on other than investment grade bonds as a percentage of capital. The Company's fully integrated information system provides real-time data on the investment portfolios, allowing for continuous monitoring and decision support. Each portfolio is managed against a pre-determined benchmark to enable alignment with appropriate risk parameters and achievement of desired returns. See Quantitative and Qualitative Disclosures about Market Risk—Equity Price Risk in Item 7A of Part II of this report.

Longevity Risk

The Company considers longevity exposure to have a material accumulation potential and has established a limit to manage the risk of loss associated with this exposure. The Company defines longevity risk as the potential for increased actual and future expected annuity payments resulting from annuitants living longer than expected, or the expectation that annuitants will live longer in the future. Assuming longevity risk, through reinsurance or capital markets transactions, is part of the Company's strategy of building a diversified portfolio of risks. While longevity risk is highly diversifying in relation to other risks in the Company's portfolio (e.g. mortality products), longevity risk itself is a systemic risk with little opportunity to diversify within the risk class. Longevity risk accumulates across cedants, geographies, and over time because mortality trends can impact diverse populations in the same manner. Longevity risk can manifest slowly over time as experience proves annuitants are living longer than original expectations, or abruptly as in the case of a "miracle drug" that increases the life expectancy of all annuitants simultaneously.

In order to determine a longevity limit metric for the purposes of risk accumulation, the Company examined extreme scenarios and measured its exposure to loss under those scenarios. Examples of these scenarios included, but were not limited to, immediate elimination of major causes of death and an extreme improvement scenario equivalent to the adverse result of every annuitant's life expectancy increasing to approximately 100 years. The

Company did not rely upon modeled losses to determine the limit metric, but did benchmark the scenario results against existing tests, scenarios and models. For risk accumulation purposes, the Company selected the most extreme scenario and added an additional margin for potential deviation.

The Company selected a longevity limit of $2 billion. To measure utilization of the longevity limit (accumulation of longevity exposure), the Company accumulates the net present value of adverse loss resulting from the application of the selected extreme scenario and additional margin applied to every in-force longevity treaty and the notional value of any longevity insurance-linked security.

The limits and actual exposures of the Company for its four major risks are as follows:

Risk	Limit at December 31, 2010	Utilized at December 31, 2010	Utilized at December 31, 2009
Catastrophe risk—largest zonal limit	$ 2.8 billion	$ 2.5 billion	$ 2.4 billion
Casualty reserving risk—total earned premiums for casualty and other long-tail lines for the four most recent underwriting periods	6.3 billion	3.0 billion	3.4 billion
Equity investment risk—value of equity and equity-like securities	3.3 billion	1.5 billion	1.2 billion
Longevity risk—net present value loss from extreme mortality improvement scenario	2.0 billion	1.0 billion	N/A

N/A: not applicable

The following table summarizes risk appetite and modeled economic loss for the Company's major risks discussed above:

Risk	Risk Appetite at December 31, 2010 (1)	Modeled Economic Loss at December 31, 2010 (1)	Modeled Economic Loss at December 31, 2009
Catastrophe risk—1 in 75 year annual aggregate loss	$ 1.6 billion	$ 1.3 billion	$ 1.3 billion
Casualty reserving risk—casualty and other long-tail lines 1 in 15 year prior years reserve development	0.8 billion	0.4 billion	0.5 billion
Equity investment risk—1 in 75 year decline in value	1.2 billion	0.5 billion	0.4 billion

(1) The Company has not defined a risk appetite for longevity risk as it believes that establishing a limit is currently the most appropriate risk management metric. In addition, the Company has not relied upon a modeled economic loss for longevity risk.

Critical Accounting Policies and Estimates

The Company's Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The preparation of financial statements in conformity with U.S. GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The following presents a discussion of those accounting policies and estimates that Management believes are the most critical to its operations and require the most difficult, subjective and complex judgment. If actual events differ significantly from the underlying assumptions and estimates used by Management, there could be material adjustments to prior estimates that could potentially adversely affect the Company's results of operations, financial condition and liquidity. These critical accounting policies and estimates should be read in conjunction with the Company's Notes to Consolidated Financial Statements, including Note 2, Significant Accounting Policies, for a full understanding of the Company's accounting policies. The sensitivity estimates that follow are based on outcomes that the Company considers reasonably likely to occur.

Losses and Loss Expenses and Life Policy Benefits

Losses and Loss Expenses

Because a significant amount of time can elapse between the assumption of risk, occurrence of a loss event, the reporting of the event to an insurance company (the primary company or the cedant), the subsequent reporting to the reinsurance company (the reinsurer) and the ultimate payment of the claim on the loss event by the reinsurer, the Company's liability for unpaid losses and loss expenses (loss reserves) is based largely upon estimates. The Company categorizes loss reserves into three types of reserves: reported outstanding loss reserves (case reserves), additional case reserves (ACRs) and incurred but not reported (IBNR) reserves. Case reserves represent unpaid losses reported by the Company's cedants and recorded by the Company. ACRs are established for particular circumstances where, on the basis of individual loss reports, the Company estimates that the particular loss or collection of losses covered by a treaty may be greater than those advised by the cedant. IBNR reserves represent a provision for claims that have been incurred but not yet reported to the Company, as well as future loss development on losses already reported, in excess of the case reserves and ACRs. Unlike case reserves and ACRs, IBNR reserves are often calculated at an aggregated level and cannot usually be directly identified as reserves for a particular loss or treaty. The Company updates its estimates for each of the aforementioned categories on a quarterly basis using information received from its cedants. The Company also estimates the future unallocated loss adjustment expenses (ULAE) associated with the loss reserves and these form part of the Company's loss adjustment expense reserves. The Company's Non-life loss reserves for each category, line and sub-segment are reported in the tables included later in this section.

The amount of time that elapses before a claim is reported to the cedant and then subsequently reported to the reinsurer is commonly referred to in the industry as the reporting tail. Lines of business for which claims are reported quickly are commonly referred to as short-tail lines; and lines of business for which a longer period of time elapses before claims are reported to the reinsurer are commonly referred to as long-tail lines. In general, for reinsurance, the time lags are longer than for primary business due to the delay that occurs between the cedant becoming aware of a loss and reporting the information to its reinsurer(s). The delay varies by reinsurance market (country of cedant), type of treaty, whether losses are first paid by the cedant and the size of the loss. The delay could vary from a few weeks to a year or sometimes longer. The Company considers agriculture, catastrophe, energy, property, motor business written in the U.S., proportional motor business written outside of the U.S., specialty property and structured risk to be short-tail lines; aviation/space, credit/surety, engineering, marine and multiline to be medium-tail lines; and casualty, non-proportional motor business written outside of the U.S. and specialty casualty to be long-tail lines of business. For all lines, the Company's objective is to estimate ultimate losses and loss expenses. Total loss reserves are then calculated by subtracting losses paid. Similarly, IBNR reserves are calculated by subtraction of case reserves and ACRs from total loss reserves.

The Company analyzes its ultimate losses and loss expenses after consideration of the loss experience of various reserving cells. The Company assigns treaties to reserving cells and allocates losses from the treaty to the reserving cell. The reserving cells are selected in order to ensure that the underlying treaties have homogeneous loss development characteristics (e.g., reporting tail) but are large enough to make estimation of trends credible. The selection of reserving cells is reviewed annually and changes over time as the business of the Company evolves. For each reserving cell, the Company tabulates losses in reserving triangles that show the total reported or paid claims at each financial year end by underwriting year cohort. An underwriting year is the year during which the reinsurance treaty was entered into as opposed to the year in which the loss occurred (accident year), or the calendar year for which financial results are reported. For each reserving cell, the Company's estimates of loss reserves are reached after a review of the results of several commonly accepted actuarial projection methodologies. In selecting its best estimate, the Company considers the appropriateness of each methodology to the individual circumstances of the reserving cell and underwriting year for which the projection is made. The methodologies that the Company employs include, but may not be limited to, paid and reported Chain Ladder methods, Expected Loss Ratio method, paid and reported Bornhuetter-Ferguson (B-F) methods, and paid and reported Benktander methods. In addition, the Company uses other methodologies to estimate liabilities for specific types of claims. For example, internal and vendor catastrophe models are typically used in the estimation

of loss and loss expenses at the early stages of catastrophe losses before loss information is reported to the reinsurer. In the case of asbestos and environmental claims, the Company has established reserves for future losses and allocated loss expenses based on the results of periodic actuarial studies, which consider the underlying exposures of the Company's cedants.

The reserve methodologies employed by the Company are dependent on data that the Company collects. This data consists primarily of loss amounts and loss payments reported by the Company's cedants, and premiums written and earned reported by cedants or estimated by the Company. The actuarial methods used by the Company to project loss reserves that it will pay in the future (future liabilities) do not generally include methodologies that are dependent on claim counts reported, claim counts settled or claim counts open as, due to the nature of the Company's business, this information is not routinely provided by cedants for every treaty.

A brief description of the reserving methods commonly employed by the Company and a discussion of their particular advantages and disadvantages follows:

Chain Ladder (CL) Development Methods (Reported or Paid)

These methods use the underlying assumption that losses reported (paid) for each underwriting year at a particular development stage follow a stable pattern. For example, the CL development method assumes that on average, every underwriting year will display the same percentage of ultimate liabilities reported by the Company's cedants (say x%) at 24 months after the inception of the underwriting year. The percentages reported (paid) are established for each development stage (e.g., at 12 months, 24 months, etc.) after examining historical averages from the loss development data. These are sometimes supplemented by external benchmark information. Ultimate liabilities are estimated by multiplying the actual reported (paid) losses by the reciprocal of the assumed reported (paid) percentage (e.g., 1/x%). Reserves are then calculated by subtracting paid claims from the estimated ultimate liabilities.

The main strengths of the method are that it is reactive to loss emergence (payments) and that it makes full use of historical experience on claim emergence (payments). For homogeneous low volatility lines, under stable economic conditions the method can often produce good estimates of ultimate liabilities and reserves. However, the method has weaknesses when the underlying assumption of stable patterns is not true. This may be the consequence of changes in the mix of business, changes in claim inflation trends, changes in claim reporting practices or the presence of large claims, among other things. Furthermore, the method tends to produce volatile estimates of ultimate liabilities in situations where there is volatility in reported (paid) patterns. In particular, when the expected percentage reported (paid) is low, small deviations between actual and expected claims can lead to very volatile estimates of ultimate liabilities and reserves. Consequently, this method is often unsuitable for projections at early development stages of an underwriting year. Finally, the method fails to incorporate any information regarding market conditions, pricing, etc., which could improve the estimate of liabilities and reserves. It therefore tends not to perform very well in situations where there are rapidly changing market conditions.

Expected Loss Ratio (ELR) Method

This method estimates ultimate losses for an underwriting year by applying an estimated loss ratio to the earned premium for that underwriting year. Although the method is insensitive to actual reported or paid losses, it can often be useful at the early stages of development when very few losses have been reported or paid, and the principal sources of information available to the Company consist of information obtained during pricing and qualitative information supplied by the cedant. However, the lack of sensitivity to reported or paid losses means that the method is usually inappropriate at later stages of development.

Bornhuetter-Ferguson (B-F) Methods (Reported or Paid)

These methods aim to address the concerns of the Chain Ladder Development methods, which are the variability at early stages of development and the failure to incorporate external information such as pricing. However, the B-F methods are more sensitive to reported and paid losses than the Expected Loss Ratio method, and can be seen as a blend of the Expected Loss Ratio and Chain Ladder development methods. Unreported (unpaid) claims are calculated using an expected reporting (payment) pattern and an externally determined estimate of ultimate liabilities (usually determined by multiplying an *a priori* loss ratio with estimates of premium volume). The accuracy of the *a priori* loss ratio is a critical assumption in this method. Usually *a priori* loss ratios are initially determined on the basis of pricing information, but may also be adjusted to reflect other information that subsequently emerges about underlying loss experience. Although the method tends to provide less volatile indications at early stages of development and reflects changes in the external environment, this method can be slow to react to emerging loss development (payment). In particular, to the extent that the *a priori* loss ratios prove to be inaccurate (and are not revised), the B-F methods will produce loss estimates that take longer to converge with the final settlement value of loss liabilities.

Benktander (B-K) Methods (Reported or Paid)

These methods can be viewed as a blend between the Chain Ladder Development and the B-F methods described above. The blend is based on predetermined weights at each development stage that depend on the reported (paid) development patterns.

Although mitigated to some extent, this method still exhibits the same advantages and disadvantages as the B-F method, but the mechanics of the calculation imply that it is more reactive to loss emergence (payment) than the B-F method.

Method Weights

In determining the loss reserves, the Company often relies on a blend of the results from two or more methods (e.g., weighted averages). The judgment as to which of the above method(s) is most appropriate for a particular underwriting year and reserving cell could change over time as new information emerges regarding underlying loss activity and other data issues. Furthermore, as each line is typically composed of several reserving cells, it is likely that the reserves for the line will be dependent on several reserving methods. This is because reserves for a line are the result of aggregating the reserves for each constituent reserving cell and that a different method could be selected for each reserving cell. Although it is not appropriate to refer to reserves for a line as being determined by a particular method, the table below summarizes the methods that were given principal weight in selecting the best estimates of reserves in each reserving line and can therefore be viewed as key drivers of selected reserves. The table distinguishes methods for mature and immature underwriting years, as they are often different. The definition of maturity is specific to a line and is related to the reporting tail. If at the reserve evaluation date, a significant proportion of losses for the underwriting year are expected to have been reported, then the underwriting year is deemed to be mature, otherwise it is deemed to be immature. For short-tail lines, such as property or agriculture, immature years can refer to the one or two most recent underwriting years, while for longer tail lines, such as casualty, immature years can refer to the three or four most recent underwriting years. To the extent that the principal reserving methods used for major components of a reserving line are different, these are separately identified in the table below.

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Reserving line for Non-life Segment	Non-life Sub-segment	Immature Underwriting Years	Mature Underwriting Years
Agriculture	North America and Global (Non-U.S.) Specialty	Expected Loss Ratio / Reported B-F	Reported B-F / Reported CL
Aviation / Space	Global (Non-U.S.) Specialty	Expected Loss Ratio / Reported B-F	Reported B-F / Reported CL
Casualty	North America	Expected Loss Ratio	Reported B-F
Casualty / Specialty Casualty	Global (Non-U.S.) P&C and Global (Non-U.S.) Specialty	Expected Loss Ratio / Reported B-F	Reported B-F
Catastrophe	Catastrophe	Expected Loss Ratio based on exposure analysis	Reported B-F
Credit / Surety	North America and Global (Non-U.S.) Specialty	Expected Loss Ratio / Reported B-F	Reported B-F /Reported B-K
Energy Onshore	Global (Non-U.S.) Specialty	Expected Loss Ratio / Reported B-F / Reported B-K	Reported CL / Reported B-F
Engineering	Global (Non-U.S.) Specialty	Expected Loss Ratio / Reported B-F	Reported B-F / Reported CL
Marine / Energy Offshore	Global (Non-U.S.) Specialty	Reported B-F / Expected Loss Ratio	Reported B-F
Motor	North America	Expected Loss Ratio	Expected Loss Ratio / Reported B-F
Motor—Non-proportional	Global (Non-U.S.) P&C	Expected Loss Ratio	Reported B-F
Motor—Proportional	Global (Non-U.S.) P&C	Expected Loss Ratio / Reported B-F	Reported B-F
Multiline	North America	Expected Loss Ratio / Reported B-F	Reported B-F
Property	North America	Reported B-F / Expected Loss Ratio	Reported B-F
Property / Specialty Property	Global (Non-U.S.) P&C and Global (Non-U.S.) Specialty	Reported B-K / Expected Loss Ratio / Reported B-F	Reported CL
Other	North America, Global (Non-U.S.) P&C and Global (Non-U.S.) Specialty	Periodic actuarial studies	Periodic actuarial studies

The reserving methods used by the Company are dependent on a number of key parameter assumptions. The principal parameter assumptions underlying the methods used by the Company are:

(i) the loss development factors used to form an expectation of the evolution of reported and paid claims for several years following the inception of the underwriting year. These are often derived by examining the Company's data after due consideration of the underlying factors listed below. In some cases, where the Company lacks sufficient volume to have statistical credibility, external benchmarks are used to supplement the Company's data;

(ii) the tail factors used to reflect development of paid and reported losses after several years have elapsed since the inception of the underwriting year;

(iii) the *a priori* loss ratios used as inputs in the B-F methods; and

(iv) the selected loss ratios used as inputs in the Expected Loss Ratio method.

The validity of all parameter assumptions used in the reserving process is reaffirmed on a quarterly basis. Reaffirmation of the parameter assumptions means that the actuaries determine that the parameter assumptions continue to form a sound basis for projection of future liabilities. Parameter assumptions used in projecting future liabilities are themselves estimates based on historical information. As new information becomes available (e.g., additional losses reported), the Company's actuaries determine whether a revised estimate of the parameter assumptions that reflects all available information is consistent with the previous parameter assumptions employed. In general, to the extent that the revised estimate of the parameter assumptions are within a close range of the original assumptions, the Company determines that the parameter assumptions employed continue to form an appropriate basis for projections and continue to use the original assumptions in its models. In this case, any differences could be attributed to the imprecise nature of the parameter estimation process. However, to the extent that the deviations between the two sets of estimates are not within a close range of the original assumptions, the Company reacts by adopting the revised assumptions as a basis for its reserve models. Notwithstanding the above, even where the Company has experienced no material deviations from its original assumptions during any quarter, the Company will generally revise the reserving parameter assumptions at least once a year to reflect all accumulated available information.

In addition to examining the data, the selection of the parameter assumptions is dependent on several underlying factors. The Company's actuaries review these underlying factors and determine the extent to which these are likely to be stable over the time frame during which losses are projected, and the extent to which these factors are consistent with the Company's data. If these factors are determined to be stable and consistent with the data, the estimation of the reserving parameter assumptions are mainly carried out using actuarial and statistical techniques applied to the Company's data. To the extent that the actuaries determine that they cannot continue to rely on the stability of these factors, the statistical estimates of parameter assumptions are modified to reflect the direction of the change. The main underlying factors upon which the estimates of reserving parameters are predicated are:

(i) the cedant's business practices will proceed as in the past with no material changes either in submission of accounts or cash flows;

(ii) any internal delays in processing accounts received by the cedant are not materially different from that experienced historically, and hence the implicit reserving allowance made in loss reserves through the methods continues to be appropriate;

(iii) case reserve reporting practices, particularly the methodologies used to establish and report case reserves, are unchanged from historical practices;

(iv) the Company's internal claim practices, particularly the level and extent of use of ACRs are unchanged;

(v) historical levels of claim inflation can be projected into the future and will have no material effect on either the acceleration or deceleration of claim reporting and payment patterns;

(vi) the selection of reserving cells results in homogeneous and credible future expectations for all business in the cell and any changes in underlying treaty terms are either reflected in cell selection or explicitly allowed in the selection of trends;

(vii) in cases where benchmarks are used, they are derived from the experience of similar business; and

(viii) the Company can form a credible initial expectation of the ultimate loss ratio of recent underwriting years through a review of pricing information, supplemented by qualitative information on market events.

The Company's best estimate of total loss reserves is typically in excess of the midpoint of the actuarial ultimate liability estimate. The Company believes that there is potentially significant risk in estimating loss reserves for long-tail lines of business and for immature underwriting years that may not be adequately captured through traditional actuarial projection methodologies. As discussed above, these methodologies usually rely heavily on projections of prior year trends into the future. In selecting its best estimate of future liabilities, the Company considers both the results of actuarial point estimates of loss reserves as well as the potential variability of these estimates as captured by a reasonable range of actuarial liability estimates. The selected best estimates of reserves are always within the reasonable range of estimates indicated by the Company's actuaries. In determining the appropriate best estimate, the Company reviews (i) the position of overall reserves within the actuarial reserve range, (ii) the result of bottom up analysis by underwriting year reflecting the impact of parameter uncertainty in actuarial calculations, and (iii) specific qualitative information on events that may have an effect on future claims but which may not have been adequately reflected in actuarial estimates, such as potential for outstanding litigation, claims practices of cedants, etc.

During 2010, 2009 and 2008, the Company reviewed its estimate for prior year losses for each sub-segment of the Non-life segment and, in light of developing data, determined to adjust its ultimate loss ratios for prior accident years. The following table summarizes the net prior year favorable reserve development for the Company's Non-life segment for the years ended December 31, 2010, 2009 and 2008 (in millions of U.S. dollars):

	2010	**2009**	**2008**
Net prior year favorable reserve development:			
Non-life segment:			
North America	**$ 165**	$ 177	$ 112
Global (Non-U.S.) P&C	**98**	152	163
Global (Non-U.S.) Specialty	**171**	108	65
Catastrophe	**44**	49	78
Total net Non-life prior year favorable reserve development	**$ 478**	$ 486	$ 418

For a discussion of net prior year favorable reserve development by segment and sub-segment, see Results by Segment below and Note 9 to Consolidated Financial Statements in Item 8 of Part II of this report.

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The table below summarizes the net prior year favorable (adverse) reserve development for the year ended December 31, 2010 by reserving line for the Company's Non-life segment (in millions of U.S. dollars):

Reserving lines	Net favorable (adverse) prior year reserve development
Agriculture	$ 57
Aviation / Space	47
Casualty / Specialty Casualty	91
Catastrophe	44
Credit / Surety	56
Energy Onshore	20
Engineering	30
Marine / Energy Offshore	38
Motor—North America business	(9)
Motor—Non-U.S. Non-proportional business	38
Motor—Non-U.S. Proportional business	(8)
Multiline	9
Property / Specialty Property	61
Other	4
Total net Non-life prior year favorable reserve development	$ 478

The following paragraphs discuss how losses paid and reported during the year ended December 31, 2010 compared with the Company's expectations, and how the Company modified its reserving parameter assumptions in line with the emerging development in each reserving line.

Agriculture : Aggregate losses reported during the year for North America business were below the Company's expectations, and primarily related to the 2009 underwriting year, while Global (Non-U.S.) business was in line with expectations. The Company lowered its loss ratio picks, but did not otherwise materially alter its reserving assumptions.

Aviation / Space: Although impacted by several large losses in 2010, the overall losses reported during the year were significantly lower than the Company's expectations for most underwriting years. The Company reflected this experience by selecting lower loss ratios for underwriting years 2008 and prior.

Casualty / Specialty Casualty: Aggregate losses reported for North America casualty lines have been significantly lower than expected, predominantly for underwriting years 2003-2006, and the Company reflected this experience by lowering its loss ratio picks for those underwriting years. For Global (Non-U.S.) lines, overall reported losses were generally consistent with expectations due to the higher than expected losses reported in Global (Non-U.S.) Specialty being offset by lower than expected losses reported in Global (Non-U.S.) P&C. The Company reflected this experience by increasing its loss ratios for Global (Non-U.S.) Specialty lines and reducing its loss ratios for Global (Non-U.S.) P&C lines. Losses relating to the financial crisis for both North America and Global (Non-U.S.) business continue to emerge at much lower than expected levels, which has led the Company to reduce its overall loss provision for the financial crisis.

Catastrophe: Losses reported in this line are largely a function of the presence or absence of catastrophic events during the year. Losses reported during the year in respect of prior years' catastrophe events were lower than expected and the Company reflected this experience by reducing its loss ratio picks.

Credit / Surety: Aggregate losses reported during the year were lower than expected for North America business and the Company reflected this experience by selecting lower loss ratios. For Global (Non-U.S.) business, loss development was significantly better than expected, especially for the underwriting years 2008 and 2009 which were impacted by the financial crisis. The Company reduced the loss ratios for these years reflecting the fact that loss emergence was lower than expected.

Energy Onshore: Aggregate reported losses were lower than expected during the year and the Company reduced its loss ratios to reflect this experience, including specific reductions to the loss estimates for Hurricane Ike. The Company did not materially change its reserving assumptions for this line.

Engineering: Aggregate reported losses for underwriting years 2004, 2008 and 2009 were significantly lower than expected and the Company has reduced the loss ratios for those years to reflect the favorable loss emergence.

Marine/Energy Offshore: Aggregate reported losses during the year were higher than expected due to Deepwater Horizon exposure in underwriting year 2009. Excluding this event, losses developed better than expected. The Company reacted to the favorable experience and reduced the loss ratios for the 2007 and 2008 underwriting years.

Motor:

- Aggregate losses reported for North America motor line were higher than expected for underwriting years 2008 and 2009. The Company increased its expected loss ratios and selected higher loss ratios reflecting this development for those specific years. Underwriting years 2005 and prior are developing favorably and the Company reduced the loss ratios for these years.
- Aggregate losses reported for Global (Non-U.S.) motor non-proportional line were significantly lower than expectations in most countries. The Company reflected this by lowering loss ratio picks in addition to changing loss development assumptions.
- Aggregate losses reported for Global (Non-U.S.) motor proportional line were higher than expected for underwriting years 2007 and 2009 and the Company reflected this experience by using reserving methods that give more weight to experience.

Multiline: Reported losses were higher than expected for underwriting year 2009 and generally lower than expected for 2008 and prior underwriting years. The Company reflected this experience by updating the loss development factors.

Property / Specialty Property: Aggregate losses reported for North America property lines were lower than expected, and the Company selected reserving methods that gave more weight to the actual development. Losses reported for Global (Non-U.S.) property lines were lower than expected for most years. The Company reflected this experience by updating its loss development factors while using reserving methods that give more weight to the actual development leading to a lowering of its loss ratio picks for those years.

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As an example of the sensitivity of the Company's reserves to reserving parameter assumptions, the tables below summarize, by reserving line, the effect on the Company's reserves of higher/lower *a priori* loss ratio selections, higher/lower loss development factors and higher/lower tail factors. The Company believes that the illustrated sensitivities to the reserving parameter assumptions are indicative of the potential variability inherent in the estimation process of those parameters.

Reserving lines selected assumptions	Higher *a priori* loss ratios	Higher loss development factors	Higher tail factors (1)	Lower *a priori* loss ratios	Lower loss development factors	Lower tail factors (1)
Agriculture	5 points	3 months	2%	(5) points	(3) months	(2)%
Aviation / Space	5	3	5	(5)	(3)	(5)
Casualty / Specialty Casualty	10	6	10	(10)	(6)	(10)
Catastrophe	5	3	2	(5)	(3)	(2)
Credit / Surety	5	3	2	(5)	(3)	(2)
Energy Onshore	5	3	2	(5)	(3)	(2)
Engineering	10	6	5	(10)	(6)	(5)
Marine / Energy Offshore	5	3	5	(5)	(3)	(5)
Motor— North America business	5	3	2	(5)	(3)	(2)
Motor—Non-U.S. Non-proportional business	10	12	10	(10)	(12)	(10)
Motor—Non-U.S. Proportional business	5	3	2	(5)	(3)	(2)
Multiline	5	6	5	(5)	(6)	(5)
Property / Specialty Property	5	3	2	(5)	(3)	(2)

Reserving lines selected sensitivity (in millions of U.S. dollars)	Higher *a priori* loss ratios	Higher loss development factors	Higher tail factors (1)	Lower *a priori* loss ratios	Lower loss development factors	Lower tail factors (1)
Agriculture	$ 5	$ 10	$ 0	$ (5)	$ (5)	$ —
Aviation / Space	10	35	15	(10)	(15)	(15)
Casualty / Specialty Casualty	285	145	190	(295)	(135)	(235)
Catastrophe	10	40	10	(10)	(25)	(5)
Credit / Surety	20	40	10	(25)	(15)	(10)
Energy Onshore	5	15	5	(5)	(10)	—
Engineering	30	40	40	(30)	(35)	(25)
Marine / Energy Offshore	10	45	20	(15)	(20)	(15)
Motor— North America business	10	20	15	(10)	(10)	(10)
Motor—Non-U.S. Non-proportional business	40	35	50	(40)	(35)	(55)
Motor—Non-U.S. Proportional business	5	—	5	(5)	(5)	(5)
Multiline	10	15	25	(5)	(15)	(20)
Property/Specialty Property	35	100	15	(35)	(35)	(10)

(1) *Tail factors are defined as aggregate development factors after 10 years from the inception of an underwriting year.*

Some reserving lines show little sensitivity to *a priori* loss ratio, loss development factor or tail factor as the Company may use reserving methods such as the Expected Loss Ratio method in several of its reserving cells within those lines. It is not appropriate to sum the total impact for a specific factor or the total impact for a specific reserving line as the lines of business are not perfectly correlated.

The following table shows the gross reserves reported by cedants (case reserves), those estimated by the Company (ACRs and IBNR reserves) and the total gross, ceded and net loss reserves recorded as of December 31, 2010 by reserving line for the Company's Non-life operations (in millions of U.S. dollars):

Reserving lines	Case reserves	ACRs	IBNR reserves	Total gross loss reserves recorded	Ceded loss reserves	Total net loss reserves recorded
Agriculture	$ 16	$ —	$ 106	$ 122	$ —	$ 122
Aviation / Space	253	7	182	442	(44)	398
Casualty / Specialty Casualty	1,461	145	2,780	4,386	(47)	4,339
Catastrophe	313	138	419	870	(27)	843
Credit / Surety	244	4	176	424	(4)	420
Energy Onshore	105	1	83	189	(1)	188
Engineering	235	—	162	397	(10)	387
Marine / Energy Offshore	344	2	328	674	(93)	581
Motor— North America business	218	4	188	410	—	410
Motor—Non-U.S. Non-proportional business	488	3	500	991	(2)	989
Motor— Non-U.S. Proportional business	165	—	55	220	(23)	197
Multiline	74	18	124	216	—	216
Property / Specialty Property	733	5	566	1,304	(98)	1,206
Other	3	—	19	22	—	22
Total Non-life reserves	$ 4,652	$ 327	$ 5,688	$ 10,667	$ (349)	$ 10,318

The net loss reserves represent the Company's best estimate of future losses and loss expense amounts based on the information available as of December 31, 2010. Loss reserves rely upon estimates involving actuarial and statistical projections at a given time that reflect the Company's expectations of the costs of the ultimate settlement and administration of claims. Estimates of ultimate liabilities are contingent on many future events and the eventual outcome of these events may be different from the assumptions underlying the reserve estimates. In the event that the business environment and social trends diverge from historical trends, the Company may have to adjust its loss reserves to amounts falling significantly outside its current estimate. These estimates are continually reviewed and the ultimate liability may be in excess of, or less than, the amounts provided, for which any adjustments will be reflected in the period in which the need for an adjustment is determined.

The Company's best estimates are point estimates within a reasonable range of actuarial liability estimates. These ranges are developed using stochastic simulations and techniques and provide an indication as to the degree of variability of the loss reserves. The Company interprets the ranges produced by these techniques as confidence intervals around the point estimates for each Non-life sub-segment. However, due to the inherent volatility in the business written by the Company, there can be no guarantee that the final settlement of the loss reserves will fall within these ranges.

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The point estimates recorded by the Company, and the range of actuarial estimates at December 31, 2010 and 2009, were as follows for each Non-life sub-segment (in millions of U.S. dollars):

	Recorded Point Estimate	High	Low
2010 Net Non-life segment loss reserves:			
North America	**$ 3,173**	**$ 3,390**	**$ 2,506**
Global (Non-U.S.) P&C	**2,693**	**2,937**	**2,332**
Global (Non-U.S.) Specialty	**3,609**	**3,764**	**3,207**
Catastrophe	**843**	**889**	**795**
2009 Net Non-life segment loss reserves:			
North America	$ 3,318	$ 3,600	$ 2,665
Global (Non-U.S.) P&C	2,805	3,004	2,409
Global (Non-U.S.) Specialty	3,658	3,883	3,315
Catastrophe	694	726	661

It is not appropriate to add together the ranges of each sub-segment in an effort to determine a high and low range around the Company's total Non-life carried loss reserves.

Of the $10,318 million of net loss reserves as of December 31, 2010, $1,239 million of net loss reserves for accident years 2005 and prior are guaranteed by Colisée Re, pursuant to the Reserve Agreement, and are not subject to loss reserve variability. See Summary of certain agreements between AXA SA, Colisée Re and Paris Re in Item 1 of Part I of this report.

The impacts of the global financial and economic crisis on the Company's reinsurance underwriting operations abated in 2010. The Company has continued to review its loss estimates and has decreased its reserves during 2010 in certain affected lines of business for certain underwriting years, reflecting actual claims payments combined with loss emergence being less than anticipated based on information provided by cedants. Based on information currently available and the range of potential estimated ultimate liabilities, the Company believes that the unpaid loss and loss expense reserves for North America and Global (Non-U.S.) specialty casualty, North America and Global (Non-U.S.) credit/surety lines of business and other potentially exposed classes of business contemplate a reasonable provision for exposures related to the effect of increased financial stress in the world economies during 2008 and 2009. The Company is unaware of any specific issues that would materially affect its unpaid loss and loss expenses estimates related to this exposure.

Included in the business that is considered to have a long reporting tail is the Company's exposure to asbestos and environmental claims. The Company's net reserves for unpaid losses and loss expenses at December 31, 2010 included $214 million that represents estimates of its net ultimate liability for asbestos and environmental claims. The gross liability for such claims at December 31, 2010 was $222 million, which primarily relates to Paris Re's gross liability for asbestos and environmental claims for pre-2006 accident years of $144 million, with any favorable or adverse development being subject to the Reserve Agreement. Of the remaining $78 million in gross reserves, the majority of the reserves relate to casualty exposures in the United States arising from business written by PartnerRe SA and PartnerRe U.S.

Ultimate loss estimates for such claims cannot be estimated using traditional reserving techniques and there are significant uncertainties in estimating the amount of the Company's potential losses for these claims. In view of the legal and tort environment that affect the development of such claims, the uncertainties inherent in estimating asbestos and environmental claims are not likely to be resolved in the near future. There can be no assurance that the reserves established by the Company will not be adversely affected by development of other latent exposures, and further, there can be no assurance that the reserves established by the Company will be adequate. The Company does, however, actively evaluate potential exposure to asbestos and environmental claims and establishes additional reserves as appropriate. The Company believes that it has made a reasonable

provision for these exposures and is unaware of any specific issues that would materially affect its unpaid losses and loss expense reserves related to this exposure (see Note 9 to Consolidated Financial Statements in Item 8 of Part II of this report).

Life Policy Benefits

Policy benefits for life and annuity contracts relate to the business in the Company's Life segment, which predominately includes reinsurance of longevity, subdivided into standard and non-standard annuities, and mortality business, which includes traditional death and disability covers (with various riders), term assurance and critical illness (TCI) written in the UK and Ireland, and guaranteed minimum death benefit (GMDB) written in Continental Europe.

The Company categorizes life reserves into three types of reserves: reported outstanding loss reserves (case reserves), incurred but not reported (IBNR) reserves and reserves for future policy benefits. Case reserves represent unpaid losses reported by the Company's cedants and recorded by the Company. IBNR reserves represent a provision for claims that have been incurred but not yet reported to the Company, as well as future loss development on losses already reported, in excess of the case reserves. Reserves for future policy benefits, which relate to future events occurring on policies in force over an extended period of time, are calculated as the present value of future expected benefits to be paid, reduced by the present value of future expected premiums. Such liabilities are established based on methods and underlying assumptions in accordance with U.S. GAAP and applicable actuarial standards. Principal assumptions used in the establishment of reserves for future policy benefits have been determined based upon information reported by ceding companies, supplemented by the Company's actuarial estimates of mortality, critical illness, persistency and future investment income, with appropriate provision to reflect uncertainty.

For the traditional life portfolio, case reserves, IBNR reserves and reserves for future policy benefits are mainly calculated at the treaty level. The Company updates its estimates for each of the aforementioned categories on a quarterly basis using information received from its cedants.

For long duration products, a reserve adequacy test is periodically performed based on the latest best estimate assumptions by line of business, including an experience analysis and a review of likely future experience. If such review produces reserves in excess of those currently held, then the locked-in assumptions will be revised and a loss recognized.

Longevity

The reserves for the annuity portfolio of reinsurance contracts within the longevity book are established in accordance with the provisions for long duration insurance contracts under U.S. GAAP. Many of these contracts subject the Company to risks arising from policyholder mortality over a period that extends beyond the periods in which premiums are collected. Annuity payments and expenses for policies within the annuity reinsurance portfolio are projected over the lifetime of the contract to calculate a net present value of future cash flows. Assumptions for each element (mortality, expenses and interest) are determined at the issue of the contract and are locked-in throughout the term of the contract unless a premium deficiency exists. Assumptions reflect the Company's best estimates and are supplemented by provisions for adverse deviations on the key risk elements (i.e., mortality and interest). Provisions for adverse deviation are designed to cover reasonable deviations from the best estimate outcome of the contract.

For standard annuities, the main risk is a faster increase in future life span than expected in the medium to long term. Non-standard annuities are annuities sold to people with aggravated health conditions and are usually medically underwritten on an individual basis. The main risk in non-standard annuities is an inadequate assessment of the future life span of the people insured.

For the year ended December 31, 2010, the Company increased net prior year reserves related to its longevity book by $23 million, primarily due to an improvement in the mortality trend related to an impaired life annuity (ILA) treaty. For the year ended December 31, 2009, the Company increased net prior year reserves related to its longevity book by $6 million due to changes in the best estimate of future mortality assumptions related to certain mortality swaps and ILA treaties.

Mortality

The reserves for the short-term traditional mortality business are established in accordance with the provisions for short duration insurance contracts under U.S. GAAP. They consist of case reserves and IBNR, calculated at the treaty level based upon cedant information and use the Expected Loss Ratio method, described in the Losses and Loss Expenses section above. Given the very short-term loss development of this portion of the portfolio, this method is appropriate.

The reserves for the long-term traditional mortality and TCI reinsurance portfolio are established in accordance with the provisions for long duration insurance contracts under U.S. GAAP. Assumptions for each element (mortality, critical illness, lapses, expenses and interest) are determined at the issue of the contract and are locked-in throughout the term of the contract unless a premium deficiency exists. Assumptions reflect the Company's best estimates and are supplemented by provisions for adverse deviations on the key risk elements (i.e. mortality, critical illness, lapses and interest).

The reserves for the GMDB reinsurance business are established in accordance with the provisions for universal life contracts under U.S. GAAP. Key assumptions for this business are mortality, lapses, interest rates, credit spreads and stock market performance. For the last parameter, a stochastic option pricing approach is used and the benefits used in calculating the liabilities are based on the average benefits payable over a range of scenarios. The assumptions of investment performance and volatility are consistent with the historical experience of the respective underlying funds (correlated to the EuroStoxx50 or the CAC 40 Index). The Company regularly evaluates the assumptions used and adjusts them if actual experience or other evidence suggests that the earlier assumptions should be revised.

For the year ended December 31, 2010, the Company decreased net prior year reserves related to its mortality book by $11 million. The reserve decrease predominately resulted from favorable development of $17 million related to the GMDB portfolio, driven by new cedant information and updated assumptions, and was partially offset by adverse development predominantly related to certain other short-term mortality business. For the year ended December 31, 2009, the Company decreased net prior year reserves related to its mortality book by $21 million. The reserve decrease predominately resulted from favorable financial markets impacts on the GMDB portfolio driven by the recovery in the capital markets, which resulted in a $16 million decrease in future policy benefits on capital markets linked products, as well as favorable development on certain other mortality business.

The following table provides the gross and net reserves for the Company's life reinsurance book at December 31, 2010 (in millions of U.S. dollars):

Reserving lines	Case reserves	IBNR reserves	Reserves for future policy benefits	Total Life reserves recorded
Longevity	$ 1	$ 97	$ 611	$ 709
Mortality	163	443	435	1,041
Total gross reserves	164	540	1,046	1,750
Ceded reserves	(3)	(6)	(5)	(14)
Total net reserves	$ 161	$ 534	$ 1,041	$ 1,736

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Total reserves for future policy benefits include provisions for adverse deviation of $85 million and $59 million at December 31, 2010 and 2009, respectively. The increase in the provision for adverse deviation is a result of new mortality swaps written in the longevity line in 2010.

As an example of the sensitivity of the Company's policy benefits for life and annuity contracts to reserving parameter assumptions, the table below summarizes, by reserving line, the effect of different assumption selections.

Reserving lines	Factors	Change	Impact on total Life reserves (in million of U.S. dollars)
Longevity			
Impaired life annuity	Life expectancy	+ 1 year	$ 36
Other annuities	Mortality improvements per annum	+1%	122
Mortality			
Long-term and TCI	Mortality	+1%	20
GMDB	Stock market performance	- 10%	5

The sensitivity of a 1% per annum improvement in mortality rates related to other annuities in the longevity line has increased from $19 million in 2009 to $122 million in 2010 due to two significant mortality swaps written in the longevity line during 2010.

It is not appropriate to sum the total impact for a specific reserving line or the total impact for a specific factor because the reinsurance portfolios are not perfectly correlated.

Premiums and Acquisition Costs

The Company provides proportional and non-proportional reinsurance coverage to cedants (insurance companies). In most cases, cedants seek protection for business that they have not yet written at the time they enter into reinsurance agreements and thus have to estimate the volume of premiums they will cede to the Company. Reporting delays are inherent in the reinsurance industry and vary in length by reinsurance market (country of cedant) and type of treaty. As delays can vary from a few weeks to a year or sometimes longer, the Company produces accounting estimates to report premiums and acquisition costs until it receives the cedants' actual results. Approximately, 42%, 48% and 45% of the Company's reported net premiums written for 2010, 2009 and 2008, respectively, were based upon estimates.

Under proportional treaties, which represented 66% of gross premiums written for the year ended December 31, 2010, the Company shares proportionally in both the premiums and losses of the cedant and pays the cedant a commission to cover the cedant's acquisition costs. Under this type of treaty, the Company's ultimate premiums written and earned and acquisition costs are not known at the inception of the treaty and must be estimated until the cedant reports its actual results to the Company. Under non-proportional treaties, which represented 34% of gross premiums written for the year December 31, 2010, the Company is typically exposed to loss events in excess of a predetermined dollar amount or loss ratio and receives a fixed or minimum premium, which is subject to upward adjustment depending on the premium volume written by the cedant.

Reported premiums written and earned and acquisition costs on proportional treaties are generally based upon reports received from cedants and brokers, supplemented by the Company's own estimates of premiums written and acquisition costs for which ceding company reports have not been received. Premium and acquisition cost estimates are determined at the individual treaty level. The determination of estimates requires a review of the Company's experience with cedants, familiarity with each geographic market, a thorough understanding of the individual characteristics of each line of business and the ability to project the impact of current economic indicators on the volume of business written and ceded by the Company's cedants. Estimates for premiums and

acquisition costs are updated continuously as new information is received from the cedants. Differences between such estimates and actual amounts are recorded in the period in which estimates are changed or the actual amounts are determined.

The magnitude and impact of a change in premium estimate differs for proportional and non-proportional treaties. Non-proportional treaties generally include a fixed minimum premium and an adjustment premium, which is generally less than 5% of the fixed minimum premium. While fixed minimum premiums require no estimation, adjustment premiums are estimated and could be subject to changes in estimates. Although proportional treaties may be subject to larger changes in premium estimates, as the Company generally receives cedant statements in arrears and must estimate all premiums for periods ranging from one month to more than one year (depending on the frequency of cedant statements), the pre-tax impact is mitigated by changes in the cedant's related reported acquisition costs and losses. The impact of the change in estimate on premiums earned and pre-tax results varies depending on when the change becomes known during the risk period and the underlying profitability of the treaty. For the year ended December 31, 2010, the Company recorded increases of $10 million and $8 million in net premiums written and net premiums earned, respectively, related to changes in Non-life premium estimates of prior year reported premiums. These reductions, after the corresponding adjustments to acquisition costs and losses and loss expenses, had no material impact on consolidated pre-tax net income. However, these adjustments for the year ended December 31, 2010 are the result of offsetting impacts in the Company's Non-life sub-segments. The Company's Global (Non-U.S.) P&C, Global (Non-U.S.) Specialty and Catastrophe sub-segments reported combined increases in net premiums written and net premiums earned of $47 million and $34 million, respectively, which were partially offset by the North America sub-segment, which reported decreases in net premiums written and net premiums earned of $37 million and $26 million, respectively.

A 5% increase (decrease) in net premium written estimates and the corresponding acquisition costs for all of the Company's Non-life non-proportional treaties would increase (decrease) the 2010 pre-tax net income by approximately $30 million, assuming the changes become known at the mid-point of the risk period and assuming no change in losses and loss expenses.

For proportional treaties, the impact of a change in net premium written estimates on pre-tax income varies depending on the losses and loss expenses and acquisition costs of the treaties affected by the change. For example, a 5% increase (decrease) in net premiums written and the corresponding acquisition costs and losses and loss expenses in 2010 across all Non-life proportional treaties would increase (decrease) pre-tax net income by approximately $8 million, applying the 2010 reported technical ratio and assuming that the changes become known at the mid-point of the risk period.

A 1% increase (decrease) in acquisition costs for all of the Company's Non-life treaties (both proportional and non-proportional) for the year ended December 31, 2010, would decrease (increase) pre-tax net income by approximately $4 million, assuming no change in premium estimates and that the changes become known at the mid-point of the risk period.

Acquisition costs, primarily brokerage fees, commissions and excise taxes, which vary directly with, and are primarily related to, the acquisition of reinsurance contracts, are capitalized and charged to expense as the related premium is earned. The recovery of deferred policy acquisition costs is dependent upon the future profitability of the related business. Deferred policy acquisition costs recoverability testing is performed periodically together with the reserve adequacy test, based on the latest best estimate assumptions by line of business.

Income Taxes

Under U.S. GAAP, a deferred tax asset or liability is to be recognized for the estimated future tax effects attributable to temporary differences and carryforwards. U.S. GAAP also establishes procedures to assess whether a valuation allowance should be established for deferred tax assets. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a valuation allowance is

needed for some portion or all of a deferred tax asset. Management must use its judgment in considering the relative impact of positive and negative evidence. The Company also establishes tax liabilities relating to uncertain tax positions as defined under U.S. GAAP (see Notes 2(l) and Note 15 to Consolidated Financial Statements in Item 8 of Part II of this report).

The Company has estimated the future tax effects attributed to temporary differences and has a deferred tax asset at December 31, 2010 of $95 million, net of a valuation allowance of $20 million. The most significant components of the deferred tax asset relate to loss reserve discounting for tax purposes.

The Company has projected future taxable income in the tax jurisdictions in which the deferred tax assets arise. These projections are based on Management's projections of premium and investment income, capital gains and losses, and technical and expense ratios. Based on these projections and an analysis of the ability to utilize loss and foreign tax credits carryforwards at the taxable entity level, Management evaluates the need for a valuation allowance. At December 31, 2010, the Company recorded a valuation allowance of $20 million primarily related to foreign tax credit carryforwards in Ireland. No valuation allowance was recorded at December 31, 2009. A 10% decrease in the deferred tax asset of $95 million as of December 31, 2010 would result in a $10 million charge to net income and a corresponding decrease in total assets.

The net deferred tax liabilities as of December 31, 2010 were $254 million. In accordance with U.S. GAAP, the Company has assumed that the future reversal of deferred tax liabilities will result in an increase in taxes payable in future years. Underlying this assumption is an expectation that the Company will continue to be subject to taxation in the various tax jurisdictions and that the Company will continue to generate taxable revenues in excess of deductions. A 10% increase in the deferred tax liability as of December 31, 2010 would result in a $25 million charge to net income and a corresponding increase in total liabilities.

The Company's unrecognized tax benefit related to uncertain tax positions was a liability of $52 million at December 31, 2010. A 10% increase in the unrecognized tax benefit as of December 31, 2010 would result in a $5 million charge to net income and a corresponding increase in total liabilities.

Valuation of Investments and Funds Held – Directly Managed, including certain Derivative Financial Instruments

The Company defines fair value as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures the fair value of its financial instruments according to a fair value hierarchy that prioritizes the information used to measure fair value into three broad levels.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value by maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing an asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about what market participants would use in pricing the asset or liability based on the best information available in the circumstances. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement.

The Company must determine the appropriate level in the hierarchy for each financial instrument that it measures at fair value. In determining fair value, the Company uses various valuation approaches, including market, income and cost approaches. See Note 3 to Consolidated Financial Statements in Item 8 of Part II of this report for more detail on the valuation techniques, methods and assumptions that were used by the Company to estimate the fair value of its fixed maturities and short-term investments, equities, other invested assets and its fixed maturities, short-term investments and certain other assets underlying the funds held – directly managed account. See Note 6 to Consolidated Financial Statements in Item 8 of Part II of this report for more discussion of the Company's use of derivative financial instruments.

The Company records all of its fixed maturity, short-term and equity investments, certain other invested assets, including derivative financial instruments, and its fixed maturities, short-term investments and certain other invested assets underlying the funds held – directly managed account at fair value in its Consolidated Balance Sheets. The changes in fair value of all of the Company's investments, carried at fair value, are recorded in net realized and unrealized investment gains and losses in the Consolidated Statements of Operations and are included in the determination of net income in the period in which they are recorded.

Under the fair value hierarchy, Management uses certain assumptions and judgments to derive the fair value of its investments, particularly for those assets with significant unobservable inputs, commonly referred to as Level 3 assets. At December 31, 2010, the Company had $500 million of Level 3 assets, including fixed maturities of $346 million, equities of $43 million, other invested assets of $78 million and investments underlying the funds held – directly managed account of $33 million. For the Company's Level 3 fixed maturities, equities, other invested assets and investments underlying the funds held – directly managed account, a 10% decline in the fair value of these investments would result in a $50 million pre-tax charge to net income and a corresponding reduction in total assets.

In addition, included in the Company's other invested assets are various investments which are accounted for using the cost method of accounting, equity method of accounting or investment company accounting, totaling $241 million at December 31, 2010. The Company does not measure its investments that are accounted for using any of these three methods at fair value. For investments that are accounted for using the cost method of accounting, equity method of accounting or investment company accounting, a 10% decline in the carrying value of these investments would result in a $24 million pre-tax charge to net income and a corresponding reduction in investments and total assets.

The Company utilizes derivatives for a variety of purposes (Note 6 to Consolidated Financial Statements in Item 8 of Part II of this report). The Company's derivatives are carried at fair value, which is based on quoted market prices or internal valuation models where quoted market prices are not available. Most of the Company's derivatives are fair valued using quoted prices in active markets (fair value of $23 million unrealized gain at December 31, 2010), referred to as Level 1 assets, or using significant other observable inputs (fair value of $10 million unrealized gain at December 31, 2010), referred to as Level 2 assets. In addition, the Company has certain total return swaps that are fair valued using significant other unobservable inputs, and are included in the Level 3 other invested assets. Those total return swaps that are classified as Level 3 have a fair value of $7 million unrealized loss on notional exposure of $156 million.

In aggregate, the Company is not significantly exposed to changes in the valuation of its total return and interest rate swap portfolio due to changes in the general level of interest rates. However, at December 31, 2010, the Company estimated that a 100 basis point increase or decrease in all risk spread assumptions used in the Company's internal valuation models would result in a $4 million decrease or a $5 million increase, respectively, in the fair value of its total return and interest rate swap portfolio.

The Company is exposed to changes in the expected amount of future cash flows of the reference assets in its total return swap portfolio. The Company's total return swap portfolio references many different underlying assets with a number of risk factors. At December 31, 2010, the notional value of the total return swap portfolio was $161 million and the fair value of the assets underlying the entire total return swap portfolio was $149 million. The Company estimated that each 1% increase or decrease in the amount of all expected future cash flows related to the reference assets would result in a $1 million increase or decrease, respectively, in the fair value of its total return swap portfolio.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired of PartnerRe SA, Winterthur Re and Paris Re. The Company assesses the appropriateness of its valuation of

goodwill on at least an annual basis. If, as a result of the assessment, the Company determines that the value of its goodwill is impaired, goodwill will be written down in the period in which the determination is made. Neither the Company's initial valuation nor its subsequent valuations has indicated any impairment of the Company's goodwill asset of $456 million as of December 31, 2010.

In making an assessment of the value of its goodwill, the Company uses both market based and non-market based valuations. The fair value of the reporting units is determined based on the earnings multiple, present value of estimated cash flows and present value of future profits methods. Significant changes in the data underlying these assumptions could result in an assessment of impairment of the Company's goodwill asset. In addition, if the current economic environment and/or the Company's financial performance were to deteriorate significantly, this could lead to an impairment of goodwill, the write-off of which would be recorded against net income in the period such deterioration occurred.

Intangible Assets

Intangible assets represent the fair value adjustments related to unpaid losses and loss expenses and unearned premiums, as well as the fair values of renewal rights and U.S. licenses arising from the acquisition of Paris Re. Definite-lived intangible assets are amortized over their useful lives, generally ranging from two to eleven years. The Company recognizes the amortization of all intangible assets in the Consolidated Statement of Operations. Indefinite-lived intangible assets are not subject to amortization. The carrying values of intangible assets are regularly reviewed for indicators of impairment. Impairment is recognized if the carrying value of the intangible assets is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying value and the fair value. Based upon the Company's assessment, there was no impairment of its intangible assets of $179 million as of December 31, 2010.

Results of Operations

The following discussion of Results of Operations contains forward-looking statements based upon assumptions and expectations concerning the potential effect of future events that are subject to uncertainties. See Item 1A of Part I of this report for a complete list of the Company's risk factors. Any of these risk factors could cause actual results to differ materially from those reflected in such forward-looking statements.

The Company's reporting currency is the U.S. dollar. The Company's significant subsidiaries and branches have one of the following functional currencies: U.S. dollar, euro or Canadian dollar. As a significant portion of the Company's operations is transacted in foreign currencies, fluctuations in foreign exchange rates may affect year over year comparisons. To the extent that fluctuations in foreign exchange rates affect comparisons, their impact has been quantified, when possible, and discussed in each of the relevant sections. See Note 2(m) to Consolidated Financial Statements in Item 8 of Part II of this report for a discussion of translation of foreign currencies.

The foreign exchange fluctuations for the principal currencies in which the Company transacts business were as follows:

- the U.S. dollar average exchange rate was weaker against most currencies, except the euro, in 2010 compared to 2009 and was stronger against most currencies in 2009 compared to 2008; and
- the U.S. dollar ending exchange rate weakened against most currencies, except the euro and British pound, at December 31, 2010 compared to December 31, 2009 and weakened against most currencies at December 31, 2009 compared to December 31, 2008.

Overview

The Company measures its performance in several ways. Among the performance measures accepted under U.S. GAAP is diluted net income per share, a measure that focuses on the return provided to the Company's common shareholders. Diluted net income per share is obtained by dividing net income available to common shareholders by the weighted average number of common shares and common share equivalents outstanding. Net income available to common shareholders is defined as net income less preferred dividends. See the discussion of the non-GAAP performance measures that the Company uses (Operating Earnings or Loss and Operating ROE) and the reconciliation of those non-GAAP measures to the most comparable GAAP measures in Key Financial Measures above.

The year over year comparison of the Company's results is primarily affected by the acquisition of Paris Re in 2009 and costs related to its integration in 2010, losses related to large catastrophic events in 2010 and 2008, losses related to Deepwater Horizon and an aggregate contract in 2010 and the effects of the global financial and economic crisis in 2009 and 2008. To the extent that these events have affected the year over year comparison of the Company's results, their impact has been quantified and discussed in each of the relevant sections. An overview of each of these events is provided below.

The Consolidated Statements of Operations and Cash Flows include the results of Paris Re from October 2, 2009, the date of acquisition of the controlling interest. Following the completion of the Company's integration of Paris Re into its other Non-life sub-segments, and to reflect other changes in management responsibilities for certain lines of business and treaties, the Company redefined its financial reporting segments. As a result, segment data for prior periods has been recast to conform to the current year presentation (See Note 22 to Consolidated Financial Statements in Item 8 of Part II of this report).

In April 2010, as part of the Company's integration of Paris Re, the Company announced a voluntary termination plan (voluntary plan) available to certain eligible employees in France. Employees participating in the voluntary plan have no compulsory notice periods, however, their expected leaving dates are largely through mid 2012. Participating employees will continue to receive salary and other employment benefits until they leave the Company. In 2010, the Company recorded pre-tax charges of $41 million related to the costs of the voluntary plan within other operating expenses. The continuing salary and other employment benefits costs related to employees participating in the voluntary plan will be expensed as the employee provides service and remains with the Company.

As the Company's reinsurance operations are exposed to low-frequency high-severity risk events, some of which are seasonal, results for certain years may include unusually low loss experience, while results for other years may include significant catastrophic losses. For example, the Company's results for 2009 included no significant catastrophic losses, while 2010 and 2008 included losses from large catastrophic events.

In 2010, the Company incurred net losses of $288 million and $149 million related to the impact of the Chile Earthquake and New Zealand Earthquake, respectively. Loss estimates arising from earthquakes are inherently more uncertain than those from other catastrophic events and additional uncertainty exists, specifically with respect to the Chile Earthquake, due to the place of occurrence and the magnitude of event. The Company's actual losses from the Chile Earthquake and New Zealand Earthquake may exceed the estimated losses as a result of, among other things, an increase in industry insured loss estimates, the expected lengthy claims development period, in particular for earthquake related losses, and the receipt of additional information from cedants, brokers and loss adjusters.

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The following table reflects the combined impact of the Chile Earthquake and New Zealand Earthquake losses and the impact on the Company's technical result and pre-tax income by segment and sub-segment for the year ended December 31, 2010 (in millions of U.S. dollars):

	North America	Global (Non-U.S.) P&C	Global (Non-U.S.) Specialty	Catastrophe	Total Non-life Segment	Life Segment	Corporate and Other	Total
Gross losses and loss expenses and life policy benefits	$ —	$ (157)	$ (71)	$ (249)	$ (477)	$ —	$ —	$(477)
Reinsurance recoverable	—	—	17	17	34	—	—	34
Net losses and loss expenses and life policy benefits	$ —	$ (157)	$ (54)	$ (232)	$ (443)	$ —	$ —	$(443)
Reinstatement premiums earned	—	1	(1)	6	6	—	—	6
Impact on technical result and pre-tax income	$ —	$ (156)	$ (55)	$ (226)	$ (437)	$ —	$ —	$(437)

On April 20, 2010, Deepwater Horizon in the Gulf of Mexico exploded and subsequently sank. The Company has exposure to this event primarily through its Global (Non-U.S.) Specialty and North America sub-segments and incurred net losses of $74 million in 2010. The Company's loss estimate remains uncertain, given the significant uncertainty regarding liability exposure, primarily related to pollution.

The following table reflects the impact of the Deepwater Horizon losses on the Company's technical result and pre-tax income by segment and sub-segment for the year ended December 31, 2010 (in millions of U.S. dollars):

	North America	Global (Non-U.S.) P&C	Global (Non-U.S.) Specialty	Catastrophe	Total Non-life Segment	Life Segment	Corporate and Other	Total
Gross losses and loss expenses and life policy benefits	$ (5)	$ —	$ (116)	$ —	$ (121)	$ —	$ —	$(121)
Reinsurance recoverable	—	—	44	—	44	—	—	44
Net losses and loss expenses and life policy benefits	$ (5)	$ —	$ (72)	$ —	$ (77)	$ —	$ —	$ (77)
Reinstatement premiums earned	—	—	3	—	3	—	—	3
Impact on technical result and pre-tax income	$ (5)	$ —	$ (69)	$ —	$ (74)	$ —	$ —	$ (74)

In addition, the Company incurred net losses of $48 million, pre-tax, related to an aggregate contract as a result of the significant number of losses that occurred in Australia and New Zealand during 2010. This loss was recorded in the Company's Catastrophe sub-segment.

During the second half of 2008, the world's financial markets experienced unprecedented events and severe dislocation, resulting in decreases in interest rates, widened credit spreads and declines in equity markets. The U.S. dollar strengthened against most currencies. Beginning in the second quarter of 2009, and continuing for the rest of the year, the financial markets showed improvement, primarily with partial recovery in worldwide equity and credit markets. During 2009, credit spreads narrowed and risk-free rates increased. The increases in risk-free rates in 2009 were significantly lower than the decreases in risk-free rates in 2008. The global economy and financial markets continued to improve during 2010 reflecting decreases in U.S. and European risk-free rates, rising equity markets and modest declines in credit spreads. As a result of these movements, the fair value of the Company's investment portfolio and cash and cash equivalents increased as of December 31, 2010 compared to December 31, 2009, primarily due to an increase in the fair value of fixed maturities and equities, as well as net cash provided by operating activities, which was partially offset by the impact of foreign exchange.

The impacts of the global financial and economic crisis on the Company's reinsurance underwriting operations have abated in 2010. The Company has continued to review its loss estimates and has modestly decreased its reserves during 2010 in certain affected lines of business for certain underwriting years, reflecting actual claims activity being less than anticipated based on information provided by cedants. The Company's loss reserves related to the impacted lines of business represent Management's best estimate of the cost to settle the ultimate liabilities related to these events based on information available at December 31, 2010.

These events and the volatility in the capital or credit markets are discussed below in Review of Net Income, Results by Segment and Financial Condition, Liquidity and Capital Resources, and may continue to affect our results of operations and financial condition in the future.

Net income, preferred dividends, net income available to common shareholders and diluted net income per share for the years ended December 31, 2010, 2009 and 2008 were as follows (in millions of U.S. dollars, except per share data):

	2010	2009	2008
Net income	**$ 853**	$ 1,537	$ 47
Less: preferred dividends	**35**	35	35
Net income available to common shareholders	**$ 818**	$ 1,502	$ 12
Diluted net income per share	**$ 10.46**	$ 23.51	$ 0.22

2010 over 2009

The decrease in net income, net income available to common shareholders and diluted net income per share for 2010 compared to 2009 resulted primarily from:

- a decrease in the Non-life underwriting result of $451 million, driven by large catastrophic losses related to the Chile Earthquake and New Zealand Earthquake, and losses related to Deepwater Horizon and an aggregate contract covering losses in Australia and New Zealand;
- a decrease in pre-tax net realized and unrealized investment gains of $189 million;
- no activity related to the Company's capital efficient notes (CENts) in 2010 compared to a gain of $89 million on purchase of CENts in 2009;
- a decrease in Life underwriting result of $40 million, primarily driven by an increase in net adverse prior year loss development in the longevity line;
- an increase in other corporate operating expenses of $35 million, primarily driven by charges related to the voluntary plan; and
- various other factors, the primary one being an increase in amortization of intangible assets of $37 million; which were partially offset by
- a decrease in income tax expense of $133 million, resulting primarily from a lower pre-tax income; and
- an increase in net investment income of $77 million, driven by the inclusion of Paris Re's net investment income for a full year in 2010 compared to the fourth quarter only in 2009.

2009 over 2008

The increase in net income, net income available to common shareholders and diluted net income per share for 2009 compared to 2008 resulted primarily from:

- an increase in pre-tax net realized and unrealized investment gains of $1,122 million;
- an increase in the Non-life underwriting result of $456 million, primarily driven by the absence of large catastrophic losses and an increase in net favorable loss development on prior accident years; and
- net realized gain on purchase of CENts of $89 million; partially offset by
- an increase in the related income tax expense of $252 million.

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These items are further described in the Review of Net Income below.

In addition to the above and subsequent to December 31, 2010, during January 2011, torrential rain and widespread flooding impacted large areas of Australia, including Queensland and Victoria. Additionally, on February 3, 2011, Tropical Cyclone Yasi made landfall as a Category 4 storm in North Queensland, Australia, causing widespread property damage and flooding across the region. The Company's initial total net loss estimate for these events is expected to be in the range of $80 to $110 million, pre-tax, net of retrocession and reinstatement premiums, and primarily recorded within the Company's Global (Non-U.S.) P&C and Catastrophe sub-segments. The Company is continuing to assess its exposure related to these events.

On February 22, 2011, a major earthquake measuring 6.3 on the Richter Scale caused severe damage in Christchurch, New Zealand. The Company has exposure to this event primarily through its Global (Non-U.S.) P&C and Catastrophe sub-segments. The Company is currently assessing its potential claims related to this event, but information as of February 28, 2011 is not sufficient to arrive at a reasonable estimate.

Review of Net Income

Management analyzes the Company's net income in three parts: underwriting result, investment result and other components of net income. Underwriting result consists of net premiums earned and other income or loss less losses and loss expenses and life policy benefits, acquisition costs and other operating expenses. Investment result consists of net investment income, net realized and unrealized investment gains and losses and interest in earnings or losses of equity investments. Net investment income includes interest and dividends, net of investment expenses, generated by the Company's investment activities, as well as interest income generated on funds held assets. Net realized and unrealized investment gains and losses include sales of the Company's fixed income, equity and other invested assets and investments underlying the funds held – directly managed account and changes in net unrealized gains and losses. Interest in earnings or losses of equity investments includes the Company's strategic investments. Other components of net income include net realized gain on purchase of CENts in 2009, technical result and other income or loss, other operating expenses, interest expense, amortization of intangible assets, net foreign exchange gains and losses and income tax expense.

The components of net income for the years ended December 31, 2010, 2009 and 2008 were as follows (in millions of U.S. dollars):

	2010	**% Change 2010 over 2009**	**2009**	**% Change 2009 over 2008**	**2008**
Underwriting result:					
Non-life	**$ 204**	**(69)%**	$ 655	230%	$ 199
Life	**(51)**	**362**	(11)	(78)	(50)
Investment result:					
Net investment income	**673**	**13**	596	4	573
Net realized and unrealized investment gains (losses)	**402**	**(32)**	591	NM	(531)
Interest in earnings (losses) of equity investments [1]	**13**	**(19)**	16	NM	(5)
Corporate and Other:					
Net realized gain on purchase of capital efficient notes	**—**	**NM**	89	NM	—
Technical result [2]	**—**	**(99)**	10	805	1
Other income [2]	**3**	**(61)**	7	20	6
Other operating expenses	**(166)**	**27**	(131)	44	(91)
Interest expense	**(44)**	**57**	(28)	(45)	(51)
Amortization of intangible assets [3]	**(31)**	**(613)**	6	NM	—
Net foreign exchange (losses) gains	**(21)**	**NM**	(1)	NM	6
Income tax expense	**(129)**	**(51)**	(262)	NM	(10)
Net income	**$ 853**	**(45)**	$ 1,537	NM	$ 47

NM: not meaningful

(1) *Interest in earnings of equity investments represents the Company's aggregate share of earnings or losses related to several private placement investments and limited partnerships within the Corporate and Other segment. See the discussion in Corporate and Other – Interest in Earnings of Equity Investments below for more details.*
(2) *Technical result and other income primarily relate to income on insurance-linked securities and principal finance transactions within the Corporate and Other segment. See the discussion in Corporate and Other – Technical Result and Other Income below for more details.*
(3) *Amortization of intangible assets relates to intangible assets acquired in the acquisition of Paris Re in 2009.*

Underwriting result is a measurement that the Company uses to manage and evaluate its Non-life and Life segments, as it is a primary measure of underlying profitability for the Company's core reinsurance operations, separate from the investment results. The Company believes that in order to enhance the understanding of its profitability, it is useful for investors to evaluate the components of net income separately and in the aggregate. Underwriting result should not be considered a substitute for net income and does not reflect the overall profitability of the business, which is also impacted by investment results and other items.

2010 over 2009

The underwriting result for the Non-life segment decreased by $451 million, from $655 million in 2009 to $204 million in 2010. The decrease was principally attributable to:

- an increase in large catastrophic losses of $437 million, net of reinstatement premiums, related to the Chile Earthquake and New Zealand Earthquake;
- an increase in losses and loss expenses of $122 million, net of reinstatement premiums, related to Deepwater Horizon and an aggregate contract covering losses in Australia and New Zealand;
- an increase in other operating expenses of $64 million, primarily due to the inclusion of Paris Re's Non-life operating expenses for a full year in 2010 compared to the fourth quarter only of 2009; and
- a decrease in net favorable loss development on prior years of $8 million, from $486 million in 2009 to $478 million in 2010. The components of the net favorable loss development are described in more detail in the discussion of individual sub-segments in Results by Segment below; partially offset by
- an increase of approximately $180 million resulting from the inclusion of Paris Re's business (before the impact of large catastrophic losses, losses and loss expenses related to Deepwater Horizon, operating expenses and net favorable loss development included above), a lower level of loss estimates recorded in the specialty casualty and credit/surety lines of business related to the global economic and financial crisis and normal fluctuations in profitability between periods, partially offset by a higher level of mid-sized loss activity.

Underwriting result for the Life segment decreased from a loss of $11 million in 2009 to a loss of $51 million in 2010. The decrease was primarily driven by net adverse prior year loss development in the longevity line in 2010 compared to net favorable prior year development in the mortality line in 2009. See Results by Segment below.

The Company reported net investment income of $673 million in 2010 compared to $596 million in 2009. The increase in net investment income of 13% is primarily attributable to an increase in net investment income from fixed maturities due to the purchase of higher yielding investments, the reinvestment of cash flows from operations and the inclusion of Paris Re's net investment income for a full year in 2010 compared to the fourth quarter only of 2009. The increase was partially offset by cash flows from operations being used to repurchase common shares and repay debt during the year and by lower reinvestment rates.

Net realized and unrealized investment gains decreased by $189 million, from $591 million in 2009 to $402 million in 2010. The net realized and unrealized investment gains of $402 million in 2010 were primarily due to decreases in U.S. and European risk-free interest rates and increases in equity markets. Net realized and unrealized investment gains of $402 million in 2010 consist of net realized investment gains on fixed maturities, short-term investments and equities of $218 million, the change in net unrealized investment gains on fixed maturities, short-term investments, equities and other invested assets of $212 million, net realized and unrealized investment gains on funds held – directly managed and net other realized and unrealized gains of $40 million, which were partially offset by net realized losses on other invested assets of $68 million.

Net realized gain on purchase of CENts was $89 million in 2009 as the Company purchased $187 million of the CENts for $93 million, which after deferred issuance costs and fees produced a gain of $89 million. No similar gain was recorded in 2010.

Other operating expenses included in Corporate and Other increased by $35 million from $131 million in 2009 to $166 million in 2010. The increase was primarily due to the charges related to the Company's voluntary plan, discussed in Overview above, higher personnel expenses, partially offset by lower consulting and professional fees related to the acquisition of Paris Re.

Interest expense increased by $16 million in 2010 compared to 2009 mainly due to interest related to the issuance of $500 million 5.500% Senior Notes in 2010, partially offset by a reduction in interest expense associated with the long term debt of $200 million which was repaid in 2010.

Net foreign exchange losses were $21 million in 2010 compared to a loss of $1 million in 2009. The increase in net foreign exchange losses in 2010 resulted primarily from losses arising from the impact of the Company's hedging program, partially offset by currency movements on unhedged equity securities. The Company hedges a significant portion of its currency risk exposure as discussed in Quantitative and Qualitative Disclosures about Market Risk in Item 3 of Part I of this report.

Income tax expense decreased by $133 million, from $262 million in 2009 to $129 million in 2010. The decrease in the income tax expense was primarily due to lower pre-tax income, with the Company's taxable jurisdictions generating lower pre-tax income in 2010 compared to 2009, as well as a decrease in tax on the net realized gain on purchase of CENts of $31 million recorded in 2009.

2009 over 2008

The underwriting result for the Non-life segment increased by $456 million, from $199 million in 2008 to $655 million in 2009. The increase was principally attributable to:

- an increase related to the lack of large catastrophic losses in 2009 compared to 2008 of $287 million, net of reinstatement premiums of $32 million;
- an increase in net favorable loss development on prior accident years of $68 million, from $418 million in 2008 to $486 million in 2009. The components of the net favorable loss development are described in more detail in the discussion of individual sub-segments in Results by Segment below;
- an increase in underwriting result related to the acquisition of Paris Re of $58 million; and
- an increase of approximately $65 million resulting primarily from a lower level of mid-sized loss activity in 2009 and normal fluctuations in profitability between periods; partially offset by
- an increase in other operating expenses of $22 million, partially due to the inclusion of Paris Re's non-life operating expenses.

Underwriting result for the Life segment improved from a loss of $50 million in 2008 to a loss of $11 million in 2009. This improvement was driven by an increase in profitability of the mortality line, primarily the result of favorable development in the GMDB business due to improved capital market conditions, which have an impact on results in this line of business. See Results by Segment below for more details.

The Company reported net investment income of $596 million in 2009 compared to $573 million in 2008. The 4% increase in net investment income is primarily attributable to the contribution from Paris Re's investments and funds held – directly managed account, and increases in net investment income from fixed income maturities due to the reinvestment of cash flows from operations and the purchase of higher yielding investments. Partially offsetting these increases were the impact of foreign exchange fluctuations, which contributed a 4% decrease as a result of stronger average U.S. dollar foreign exchange rates in 2009 compared to 2008, cash outflows from the investment portfolio related to the repayment of the Company's debt and purchase of the Company's CENts in the first quarter of 2009, and an increase in investment expenses.

Net realized and unrealized investment gains improved by $1,122 million, from a loss of $531 million in 2008 to a gain of $591 million in 2009. The improvement in net realized and unrealized investment gains in 2009 was mainly due to the narrowing of credit spreads and increases in worldwide equity markets, partially offset by increases in risk-free rates. Net realized and unrealized investment gains of $591 million in 2009 were primarily due to the change in net unrealized gains on fixed maturities and short-term investments of $323 million, change in net unrealized gains on equities of $186 million, net realized gains on fixed maturities and short-term investments of $105 million and change in net unrealized gains on other invested assets of $58 million, which were partially offset by net realized losses on equities of $45 million and net realized losses on other invested assets of $35 million. The net unrealized investment gains and losses included in the Consolidated Statements of Operations in 2009 and 2008 reflect the Company's adoption of the fair value option on January 1, 2008. See Net Realized and Unrealized Investment Gains (Losses) below for more details on the investment activity.

Net realized gain on purchase of CENts resulted from the $187 million purchase of the CENts for $93 million, which after deferred issuance costs and fees produced a gain of $89 million.

Other operating expenses included in Corporate and Other increased by $40 million, from $91 million in 2008 to $131 million in 2009. The increase was primarily due to consulting and professional fees incurred related to the acquisition of Paris Re, the inclusion of Paris Re's other operating expenses for the fourth quarter of 2009 and higher bonus accruals recorded in 2009 compared to 2008.

Interest expense decreased by $23 million, from $51 million in 2008 to $28 million in 2009 mainly due to the repayment of $200 million of the Company's $400 million floating-rate debt and the purchase of approximately 75% of the Company's CENts in 2009.

Net foreign exchange losses were $1 million in 2009 compared to gains of $6 million in 2008. The net foreign exchange losses in 2009 compared to 2008 were mainly due to higher foreign exchange losses related to foreign currency exchange hedges on the investment portfolio, which were partially offset by lower foreign exchange losses resulting from the impact of currency movements on unhedged securities.

Income tax expense was $262 million in 2009 compared to $10 million in 2008. The increase in the income tax expense was primarily due to higher pre-tax income, including tax on the net realized gain on purchase of CENts of $31 million. The income tax expense of $10 million in 2008 was primarily due to a non-recurring tax charge of approximately $46 million related to the Company's European reorganization, and was partially offset by a tax benefit associated with the net realized and unrealized losses on investments.

Results by Segment

The Company monitors the performance of its operations in three segments, Non-life, Life and Corporate & Other. The Non-life segment is further divided into four sub-segments, North America, Global (Non-U.S.) P&C,

Global (Non-U.S.) Specialty and Catastrophe. Segments and sub-segments represent markets that are reasonably homogeneous in terms of geography, client types, buying patterns, underlying risk patterns and approach to risk management. See the description of the Company's segments and sub-segments as well as a discussion of how the Company measures its segment results in Note 22 to Consolidated Financial Statements included in Item 8 of Part II of this report.

Segment results are shown before intercompany transactions. Business reported in the Global (Non-U.S.) P&C and Global (Non-U.S.) Specialty sub-segments and the Life segment is, to a significant extent, denominated in foreign currencies and is reported in U.S. dollars at the average foreign exchange rates for each year. The U.S. dollar has fluctuated against the euro and other currencies during each of the three years presented and this should be considered when making year to year comparisons.

Non-life Segment

North America

The North America sub-segment is primarily comprised of lines of business that are considered to be either short, medium or long-tail. The short-tail lines consist of agriculture, property and proportional motor business and represented 45%, 53% and 48% of net premiums written in this sub-segment in 2010, 2009 and 2008, respectively. Casualty and non-proportional motor business are considered to be long-tail and represented 44%, 38% and 43% of net premiums written in 2010, 2009 and 2008, respectively, while credit/surety and multiline are considered by the Company to have a medium-tail and accounted for the balance of net premiums written in this sub-segment. The casualty line represented approximately 42%, 37% and 42% of net premiums written in this sub-segment for 2010, 2009 and 2008, respectively. This line typically tends to have a higher loss ratio and a lower technical result, due to the long-tail nature of the risks involved. Casualty treaties typically provide for investment income on premiums invested over a longer period as losses are typically paid later than for other lines. Investment income, however, is not considered in the calculation of technical result.

The following table provides the components of the technical result and the corresponding ratios for this sub-segment (in millions of U.S. dollars):

	2010	% Change 2010 over 2009	2009	% Change 2009 over 2008	2008
Gross premiums written	**$ 1,028**	**(12)%**	$ 1,162	(1)%	$ 1,175
Net premiums written	**1,026**	**(12)**	1,162	—	1,167
Net premiums earned	**$ 1,038**	**(14)**	$ 1,210	2	$ 1,190
Losses and loss expenses	**(577)**	**(21)**	(728)	(16)	(863)
Acquisition costs	**(288)**	**(8)**	(311)	7	(289)
Technical result [(1)]	**$ 173**	**1**	$ 171	357	$ 38
Loss ratio [(2)]	**55.6%**		60.2%		72.5%
Acquisition ratio [(3)]	**27.8**		25.7		24.4
Technical ratio [(4)]	**83.4%**		85.9%		96.9%

(1) Technical result is defined as net premiums earned less losses and loss expenses and acquisition costs.
(2) Loss ratio is obtained by dividing losses and loss expenses by net premiums earned.
(3) Acquisition ratio is obtained by dividing acquisition costs by net premiums earned.
(4) Technical ratio is defined as the sum of the loss ratio and the acquisition ratio.

Premiums

The North America sub-segment represented 22%, 30% and 29% of total net premiums written in 2010, 2009 and 2008, respectively. The decrease in the North America sub-segment's net premiums written as a percentage of total net premiums written in 2010 compared to 2009 and 2008 was primarily due to lower net premiums written in the agriculture line of business and overall declining market conditions, as described below, and the inclusion of the majority of Paris Re's premiums in the Company's other Non-life sub-segments.

2010 over 2009

Gross and net premiums written decreased by 12% and net premiums earned decreased by 14% in 2010 compared to 2009. The decrease in gross and net premiums written and net premiums earned was primarily attributable to the agriculture line of business resulting from lower agricultural commodity price levels and higher retentions by cedants. Net premiums earned were also impacted by a decrease in the casualty line of business which was driven by timing differences related to the renewal of treaties and overall declining market conditions. These decreases in gross and net premiums written and net premiums earned were partially offset by lower downward premium adjustments related to prior periods reported by cedants in 2010 compared to 2009, primarily in the motor, agriculture and casualty lines. Notwithstanding the overall declining market conditions, higher retentions and the competition prevailing in certain lines of business and markets of this sub-segment, the Company was able to write business that met its portfolio objectives.

2009 over 2008

Gross premiums written decreased by 1%, net premiums written remained flat and net premiums earned increased by 2% in 2009 compared to 2008. The slight decline in gross premiums written was driven by decreases in the casualty line of business, reflecting declining pricing and market conditions, and in the agriculture line, resulting from higher downward premium adjustments reported by cedants in 2009 compared to 2008. These decreases were partially offset by increases in gross premiums written in the motor and property lines, primarily driven by new business written, while the property line also benefited from a treaty written on December 31, 2008 and subsequently renewed in 2009. The increase in net premiums earned was primarily driven by the property and motor lines as described above.

Losses and loss expenses and loss ratio

2010 over 2009

The losses and loss expenses and loss ratio reported in 2010 reflected:

- net favorable loss development on prior accident years of $165 million, or 16.0 points on the loss ratio;
- no large catastrophic losses;
- the inclusion of losses and loss expenses related to business written by Paris Re;
- losses and loss expenses related to Deepwater Horizon of $5 million, or 0.5 points on the loss ratio;
- a lower level of loss estimates recorded in the casualty line of business reflecting abating economic and financial market conditions; and
- a decrease in the book of business and exposure.

The net favorable loss development of $165 million included net favorable development for prior accident years in most lines of business, predominantly in casualty and agriculture, while motor experienced adverse loss development for prior accident years of $8 million. Loss information provided by cedants in 2010 for prior accident years was lower than the Company expected (higher for motor) and included no individually significant losses or reductions but a series of attritional losses or reductions. Based on the Company's assessment of this loss information, the Company decreased its expected ultimate loss ratios for most lines of business (increased for motor), which had the net effect of decreasing (increasing for motor) prior year loss estimates.

The decrease of $151 million in losses and loss expenses in 2010 compared to 2009 included:

- a decrease of approximately $168 million in losses and loss expenses resulting from a decrease in the book of business and exposure, predominantly in the agriculture line of business, a lower level of loss estimates recorded in the casualty line of business and normal fluctuations in profitability between periods; partially offset by
- a decrease of $12 million in net favorable prior year development; and
- an increase in losses and loss expenses of $5 million related to Deepwater Horizon.

2009 over 2008

The losses and loss expenses and loss ratio reported in 2009 reflected:

- net favorable loss development on prior accident years of $177 million, or 14.7 points on the loss ratio;
- no large catastrophic losses;
- increasing loss trends, predominantly in the casualty line of business; and
- a lower level of mid-sized loss activity.

The net favorable loss development of $177 million included net favorable development for prior accident years in most lines of business, predominantly in casualty, while multiline experienced adverse loss development for prior accident years of $8 million. Loss information provided by cedants in 2009 for prior accident years was lower than the Company expected (higher for multiline) and included no individually significant losses or reductions of losses but a series of attritional losses or reductions. Based on the Company's assessment of this loss information, the Company decreased its expected ultimate loss ratios for most lines of business (increased for multiline), which had the net effect of decreasing (increasing for multiline) prior year loss estimates.

The decrease of $135 million in losses and loss expenses in 2009 compared to 2008 included:

- an increase of $65 million in net favorable prior year development;
- a decrease of $67 million related to the lack of large catastrophic losses; and
- a decrease in losses and loss expenses of approximately $3 million resulting from a lower level of mid-sized loss activity, partially offset by increasing loss trends, mainly in the casualty line of business, and normal fluctuations in profitability between periods.

Acquisition costs and acquisition ratio

2010 over 2009

Acquisition costs decreased in 2010 compared to 2009 primarily as a result of lower net premiums earned. The acquisition ratio increased in 2010 compared to 2009 mainly due to higher profit commission adjustments reported by cedants in 2010, primarily in the agriculture line of business, partially offset by lower commission rates in most lines of business.

2009 over 2008

Acquisition costs and the acquisition ratio increased in 2009 compared to 2008 mainly as a result of an increase in proportional property business, which carries a higher acquisition cost ratio, and higher profit commission adjustments reported by cedants in most lines of business.

Technical result and technical ratio

2010 over 2009

The increase of $2 million in the technical result and the corresponding decrease in technical ratio in 2010 compared to 2009 was primarily attributable to a lower level of loss estimates recorded in the casualty line of

business and normal fluctuations in profitability between periods, partially offset by a decrease of $12 million in net favorable prior year development and an increase of $5 million related to Deepwater Horizon.

2009 over 2008

The increase of $133 million in the technical result and the corresponding decrease in technical ratio in 2009 compared to 2008 was primarily attributable to an increase in net favorable prior year development of $65 million, an increase of $58 million, net of $9 million of reinstatement premiums, related to the lack of large catastrophic losses in 2009 and a lower level of mid-sized loss activity, partially offset by increasing loss trends, mainly in the casualty line of business, and normal fluctuations in profitability between periods.

2011 Outlook

During the January 1, 2011 renewals, the Company observed continued difficult and competitive market conditions with softening pricing levels in most markets. Certain markets in this sub-segment displayed increased pressure on terms and conditions and increased retentions by ceding companies continued. The expected premium volume from the Company's January 1, 2011 renewal decreased compared to the prior year renewal primarily as a result of the Company's decision to cancel or reduce business and increased cedants' retentions. Management expects a continuation of the observed trends in pricing and conditions during the remainder of 2011.

Global (Non-U.S.) P&C

The Global (Non-U.S.) P&C sub-segment is composed of short-tail business, in the form of property and proportional motor business, that represented approximately 82%, 84% and 79% of net premiums written in this sub-segment for 2010, 2009 and 2008, respectively, and long-tail business, in the form of casualty and non-proportional motor business, that represented the balance of net premiums written.

The following table provides the components of the technical result and the corresponding ratios for this sub-segment (in millions of U.S. dollars):

	2010	% Change 2010 over 2009	2009	% Change 2009 over 2008	2008
Gross premiums written	**$ 909**	**34%**	$ 677	(6)%	$ 721
Net premiums written	**898**	**32**	679	(5)	718
Net premiums earned	**$ 914**	**25**	$ 729	(3)	$ 750
Losses and loss expenses	**(702)**	**79**	(392)	(10)	(433)
Acquisition costs	**(227)**	**31**	(174)	(5)	(182)
Technical result	**$ (15)**	**NM**	$ 163	21	$ 135
Loss ratio	**76.8%**		53.7%		57.7%
Acquisition ratio	**24.9**		23.8		24.3
Technical ratio	**101.7%**		77.5%		82.0%

NM: not meaningful

Premiums

The Global (Non-U.S.) P&C sub-segment represented 19%, 17% and 18% of total net premiums written in 2010, 2009 and 2008, respectively. The increase in the Global (Non-U.S.) P&C sub-segment's net premiums written as a percentage of total net premiums written in 2010 compared to 2009 and 2008 was primarily due to the inclusion of Paris Re's premiums, as described below, for a full year in 2010 compared to the fourth quarter only of 2009.

2010 over 2009

Gross and net premiums written and net premiums earned increased by 34%, 32% and 25% in 2010 compared to 2009, respectively. The increases in gross and net premiums written and net premiums earned resulted mainly from business written by Paris Re, which is included in this sub-segment's results for a full year in 2010 compared to the fourth quarter only of 2009. The increases were also driven by an increase in upward premium adjustments, increases in treaty participations and new business written, predominantly in the property line of business. Notwithstanding the increased competition and overall declines in pricing prevailing in certain lines of business and markets of this sub-segment, the Company was able to write business that met its portfolio objectives.

2009 over 2008

The decrease in gross and net premiums written of 6% and 5%, respectively, and net premiums earned of 3% was primarily due to the stronger U.S. dollar in 2009 compared to 2008, as premiums denominated in currencies that have depreciated against the U.S. dollar were converted into U.S. dollars at lower average exchange rates. Foreign exchange fluctuations decreased gross and net premiums written by 10% and net premiums earned by 8%. The decreases in gross and net premiums written resulted from all lines of business in this sub-segment and were attributable to treaty cancellations during renewal, declines in pricing, increased competition and increased risk retention by cedants. These decreases were partially offset by the inclusion of Paris Re's premiums in the fourth quarter of 2009 and lower negative premium adjustments reported by cedants in 2009 compared to 2008.

Losses and loss expenses and loss ratio

2010 over 2009

The losses and loss expenses and loss ratio reported in 2010 reflected:

- large catastrophic losses related to the Chile Earthquake and New Zealand Earthquake of $157 million, or 17.1 points on the loss ratio;
- the inclusion of losses and loss expenses related to business written by Paris Re;
- net favorable loss development on prior accident years of $98 million, or 10.7 points on the loss ratio;
- a lower level of mid-sized loss activity; and
- an increase in the book of business and exposure.

The net favorable loss development of $98 million included net favorable development for prior accident years in all lines of business, but was most pronounced in the property line. Loss information provided by cedants in 2010 for prior accident years was lower than the Company expected and included no individually significant losses or reductions but a series of attritional losses or reductions. Based on the Company's assessment of this loss information, the Company decreased its expected ultimate loss ratios for all lines of business, which had the net effect of decreasing prior year loss estimates.

The increase of $310 million in losses and loss expenses in 2010 compared to 2009 included:

- an increase of $157 million in large catastrophic losses;
- a decrease of $54 million in net favorable prior year loss development; and
- an increase of $99 million in losses and loss expenses resulting from an increase in losses and loss expenses related to business written by Paris Re and an increase in the book of business and exposure, which was partially offset by normal fluctuations in profitability between periods and a lower level of mid-sized loss activity.

2009 over 2008

The losses and loss expenses and loss ratio reported in 2009 reflected:

- no large catastrophic losses;
- net favorable loss development on prior accident years of $152 million, or 20.8 points on the loss ratio;
- the inclusion of losses and loss expenses in the fourth quarter of 2009 related to business written by Paris Re;
- a lower level of mid-sized loss activity; and
- a decrease in the book of business and exposure.

The net favorable loss development of $152 million included net favorable development for prior accident years in all lines of business, but was most pronounced in the motor and casualty lines. Loss information provided by cedants in 2009 for prior accident years was lower than the Company expected and included no individually significant losses or reductions of losses but a series of attritional losses or reductions. Based on the Company's assessment of this loss information, the Company decreased its expected ultimate loss ratios for all lines, which had the net effect of decreasing prior year loss estimates.

The decrease of $41 million in losses and loss expenses in 2009 compared to 2008 included:

- a decrease in losses and loss expenses of approximately $52 million resulting mainly from a decrease in the book of business (including the impact of foreign exchange), as well as a lower level of mid-sized loss activity, and normal fluctuations in profitability between periods, partially offset by an increase in losses and loss expenses related to business written by Paris Re in the fourth quarter of 2009; partially offset by
- a decrease of $11 million in net favorable prior year loss development.

Acquisition costs and acquisition ratio

2010 over 2009

Acquisition costs increased in 2010 compared to 2009 primarily as a result of higher net premiums earned. The increase in acquisition ratio in 2010 compared to 2009 was primarily due to higher profit commission adjustments in the casualty line of business and new business with higher commission rates in the motor line of business, partially offset by the inclusion of Paris Re's premiums which carry a lower acquisition ratio.

2009 over 2008

Acquisition costs decreased in 2009 compared to 2008 as a result of lower net premiums earned. The acquisition ratio in 2009 decreased compared to 2008 mainly due to the inclusion of Paris Re's business in the fourth quarter of 2009, which carried a lower acquisition ratio, and the cancellation of treaties with higher commission rates in the property line of business, which were partially offset by higher profit commission adjustments reported by cedants in 2009 compared to 2008 in the motor line of business.

Technical result and technical ratio

2010 over 2009

The decrease of $178 million in the technical result and corresponding increase in technical ratio in 2010 compared to 2009 was primarily due to an increase of $156 million, net of reinstatement premiums, in large catastrophic losses and a decrease of $54 million in net favorable prior year loss development, which was partially offset by a lower level of mid-sized loss activity and normal fluctuations in profitability between periods.

2009 over 2008

The increase of $28 million in technical result and corresponding decrease in technical ratio in 2009 compared to 2008 was primarily explained by a lower level of mid-sized loss activity and normal fluctuations in profitability between periods, partially offset by a decrease of $11 million in net favorable prior year loss development.

2011 Outlook

During the January 1, 2011 renewals, the Company generally observed softening market conditions with declines in pricing in most markets in this sub-segment and a continuing trend towards increasing retentions by cedants. Overall, the expected premium volume from the Company's January 1, 2011 renewal, at constant foreign exchange rates, decreased compared to the prior year renewal primarily as a result of the Company's decision to cancel or reduce business, increased cedant retentions and the repositioning of its portfolio, following the integration of Paris Re's business. Management expects a continuation of the observed trends in pricing and terms and conditions during the remainder of 2011.

Global (Non-U.S.) Specialty

The Global (Non-U.S.) Specialty sub-segment is primarily comprised of lines of business that are considered to be either short or medium-tail. The short-tail lines consist of agriculture, energy and specialty property and represented 23%, 21% and 16% of net premiums written in 2010, 2009 and 2008 in this sub-segment, respectively. Aviation/space, credit/surety, engineering and marine are considered by the Company to have a medium-tail and represented 66%, 68% and 70%, respectively, of net premiums written, while specialty casualty is considered to be long-tail and accounted for the balance of net premiums written in this sub-segment in 2010, 2009 and 2008.

The following table provides the components of the technical result and the corresponding ratios for this sub-segment (in millions of U.S. dollars):

	2010	% Change 2010 over 2009	2009	% Change 2009 over 2008	2008
Gross premiums written	**$ 1,479**	**28%**	$ 1,159	4%	$ 1,117
Net premiums written	**1,391**	**25**	1,113	2	1,094
Net premiums earned	**$ 1,405**	**26**	$ 1,116	13	$ 991
Losses and loss expenses	**(985)**	**35**	(732)	6	(691)
Acquisition costs	**(292)**	**15**	(254)	(6)	(269)
Technical result	**$ 128**	**(1)**	$ 130	320	$ 31
Loss ratio	**70.0%**		65.6%		69.8%
Acquisition ratio	**20.8**		22.7		27.1
Technical ratio	**90.8%**		88.3%		96.9%

Premiums

The Global (Non-U.S.) Specialty sub-segment represented 29%, 28% and 28% of total net premiums written in 2010, 2009 and 2008, respectively. The increase in the Global (Non-U.S.) Specialty sub-segment's net premiums written as a percentage of total net premiums written in 2010 compared to 2009 and 2008 was primarily due to the inclusion of Paris Re's premiums, as described below, for a full year in 2010 compared to the fourth quarter only of 2009.

2010 over 2009

Gross and net premiums written and net premiums earned increased by 28%, 25% and 26% in 2010 compared to 2009, respectively. The increases in gross and net premiums written and net premiums earned resulted mainly from business written by Paris Re, which is included in this sub-segment's results for a full year in 2010 compared to the fourth quarter only of 2009. The increases were also driven by the marine, specialty property, credit/surety and aviation lines of business, which benefited from new business written and increased treaty participations. These increases in gross and net premiums written and net premiums earned were partially offset by decreases in all other lines, predominantly in the engineering line of business, which was driven by a significant non-renewable treaty written in 2009. Notwithstanding the diverse conditions prevailing in various markets within this sub-segment, with terms in most markets soft with some markets strengthening, the Company was able to write business that met its portfolio objectives.

2009 over 2008

Gross and net premiums written and net premiums earned increased by 4%, 2% and 13%, respectively, in 2009 compared to 2008. These increases in gross and net premiums written and net premiums earned were primarily driven by the inclusion of Paris Re's business in the fourth quarter of 2009, as well as new treaties and improved pricing in the marine, energy and agriculture lines of business. The increase in gross and net premiums written and net premiums earned was partially offset by the impact of the stronger U.S. dollar in 2009 compared to 2008. Foreign exchange fluctuations decreased gross and net premiums written and net premiums earned by 5%. The decrease in gross and net premiums written was also due to decreases in the credit/surety and specialty casualty lines of business, resulting from a reduction in exposure and declines in pricing and lower positive premium adjustments reported by cedants in 2009 compared to 2008. The increase in net premiums earned of 13% in 2009 compared to 2008 was higher than the increase in net premiums written of 2% primarily due to the inclusion of Paris Re's net premiums earned related to business written prior to the date of acquisition and an increase in business written by the Company in 2008, which was earned in 2009.

Losses and loss expenses and loss ratio

2010 over 2009

The losses and loss expenses and loss ratio reported in 2010 reflected:

- large catastrophic losses related to the Chile Earthquake of $54 million, or 3.9 points on the loss ratio;
- losses and loss expenses related to Deepwater Horizon of $72 million, or 5.0 points on the loss ratio;
- the inclusion of losses and loss expenses related to business written by Paris Re;
- net favorable loss development on prior accident years of $171 million, or 12.2 points on the loss ratio;
- lower loss estimates in the credit/surety line of business reflecting abating economic and credit conditions;
- a higher level of mid-sized loss activity;
- increasing loss trends in the specialty casualty line of business; and
- an increase in the book of business and exposure.

The net favorable loss development of $171 million reported in 2010 included net favorable development for prior accident years in all lines of business, except for specialty casualty, which experienced adverse loss development for prior accident years of $37 million. Loss information provided by cedants in 2010 for prior accident years was lower than the Company expected (higher for specialty casualty) and included no individually significant losses or reductions but a series of attritional losses or reductions. Based on the Company's assessment of this loss information, the Company decreased its expected ultimate loss ratios for all lines of business (increased for specialty casualty), which had the net effect of decreasing (increasing for specialty casualty) prior year loss estimates.

The increase of $253 million in losses and loss expenses in 2010 compared to 2009 included:

- an increase in losses and loss expenses of $126 million related to large catastrophic losses and Deepwater Horizon; and
- an increase in losses and loss expenses of approximately $190 million resulting from an increase in losses and loss expenses related to business written by Paris Re, a higher level of mid-sized loss activity, an increase in the book of business and exposure and increasing loss trends in the specialty casualty line of business, partially offset by lower loss estimates in the credit/surety line of business and normal fluctuations in profitability between periods; partially offset by
- an increase of $63 million in net favorable prior year loss development.

2009 over 2008

The losses and loss expenses and loss ratio reported in 2009 reflected:

- no large catastrophic losses;
- the inclusion of losses and loss expenses in the fourth quarter of 2009 related to business written by Paris Re;
- net favorable loss development on prior accident years of $108 million, or 9.6 points on the loss ratio;
- a lower level of mid-sized loss activity; and
- increasing loss trends and higher loss estimates in the credit/surety line of business.

The net favorable loss development of $108 million reported in 2009 included net favorable development for prior accident years in most lines of business, predominantly in aviation and engineering, while agriculture and credit/surety experienced combined adverse loss development for prior accident years of $4 million. Loss information provided by cedants in 2009 for prior accident years was lower than the Company expected (higher for agriculture and credit/surety) and included no individually significant losses or reductions of losses but a series of attritional losses or reductions. Based on the Company's assessment of this loss information, the Company decreased its expected ultimate loss ratios for most lines of business (increased for agriculture and credit/surety), which had the net effect of decreasing (increasing for agriculture and credit/surety) prior year loss estimates.

The increase of $41 million in losses and loss expenses in 2009 compared to 2008 included:

- an increase in losses and loss expenses of approximately $151 million resulting from an increase in losses and loss expenses related to business written by Paris Re, increasing loss trends and higher loss estimates in the credit/surety line of business, partially offset by a lower level of mid-sized loss activity and normal fluctuations in profitability between periods; partially offset by
- a decrease of $67 million related to the lack of catastrophic losses in 2009; and
- an increase of $43 million in net favorable prior year loss development.

Acquisition costs and acquisition ratio

2010 over 2009

Acquisition costs increased in 2010 compared to 2009 primarily as a result of higher net premiums earned. The acquisition ratio decreased primarily due to a shift from proportional to non-proportional business, which carries a lower acquisition cost ratio.

2009 over 2008

Acquisition costs and acquisition ratio decreased in 2009 compared to 2008 mainly as a result of a premium deficiency recorded in the credit/surety line of business in the fourth quarter of 2008 and lower profit commission adjustments reported by cedants in 2009 predominantly in the credit/surety line of business.

Technical result and technical ratio

2010 over 2009

The slight decrease in the technical result and corresponding increase in the technical ratio in 2010 compared to 2009 was due to an increase in losses and loss expenses of $124 million, net of reinstatement premiums, related to large catastrophic losses and Deepwater Horizon, increasing loss trends in the specialty casualty line of business, a higher level of mid-sized loss activity and normal fluctuations in profitability between periods, partially offset by an increase of $63 million in net favorable prior year loss development and lower loss estimates in the credit/surety line of business.

2009 over 2008

The increase of $99 million in the technical result and corresponding decrease in the technical ratio in 2009 compared to 2008 was primarily explained by an increase of $64 million, net of reinstatement premiums, related to the lack of large catastrophic losses in 2009, an increase of $43 million in net favorable prior year loss development, a lower level of mid-sized loss activity, lower acquisition costs, and normal fluctuations in profitability between periods, partially offset by increasing loss trends and higher loss estimates in the credit/surety line of business.

2011 Outlook

During the January 1, 2011 renewals, the Company generally observed softening market conditions and increased competition in most markets in this sub-segment, with improved pricing following loss experience in certain markets. Overall, the expected premium volume from the Company's January 1, 2011 renewal, at constant foreign exchange rates, is lower compared to the prior year renewal as a result of the Company's decision to cancel or reduce business and the repositioning of its portfolio, following the integration of Paris Re's business. Management expects a continuation of the observed trends in pricing and terms and conditions during the remainder of 2011.

Catastrophe

The Catastrophe sub-segment writes business predominantly on a non-proportional basis and is exposed to volatility resulting from catastrophic losses. Thus, profitability in any one year is not necessarily predictive of future profitability. The results of 2010, 2009 and 2008 demonstrate this volatility, as 2010 and 2008 contained a large level of catastrophic losses, while 2009 had a low level of large catastrophic losses. This significantly impacted the technical result and ratio and affected year over year comparisons as discussed below.

The following table provides the components of the technical result and the corresponding ratios for this sub-segment (in millions of U.S. dollars):

	2010	% Change 2010 over 2009	2009	% Change 2009 over 2008	2008
Gross premiums written	**$ 716**	**79%**	$ 400	(3)%	$ 413
Net premiums written	**646**	**63**	397	(4)	413
Net premiums earned	**$ 672**	**43**	$ 470	16	$ 403
Losses and loss expenses	**(393)**	**NM**	(6)	(96)	(144)
Acquisition costs	**(49)**	**49**	(33)	(12)	(37)
Technical result	**$ 230**	**(47)**	$ 431	94	$ 222
Loss ratio	**58.5%**		1.3%		35.8%
Acquisition ratio	**7.2**		7.0		9.2
Technical ratio	**65.7%**		8.3%		45.0%

NM: not meaningful

Premiums

The Catastrophe sub-segment represented 14%, 10% and 10% of total net premiums written in 2010, 2009 and 2008, respectively. The increase in the Catastrophe sub-segment's net premiums written as a percentage of total net premiums written in 2010 compared to 2009 and 2008 was primarily due to the inclusion of Paris Re's premiums, as described below, for a full year in 2010 compared to the fourth quarter only of 2009.

2010 over 2009

Gross and net premiums written and net premiums earned increased by 79%, 63% and 43% in 2010 compared to 2009. The increases in gross and net premiums written and net premiums earned resulted mainly from the inclusion of catastrophe business written by Paris Re, which is included in this sub-segment's results for a full year in 2010 compared to the fourth quarter only of 2009. The increase in gross and net premiums written was also due to new business written as well as a timing difference related to the renewal of a significant treaty. The increase in net premiums earned was lower than the increases in gross and net premiums written primarily due to the earning of premiums in the fourth quarter of 2009 related to Paris Re's business that was written prior to the date of acquisition.

2009 over 2008

Gross and net premiums written decreased by 3% and 4%, respectively, in 2009 compared to 2008, while net premiums earned increased by 16%. The decreases in gross and net premiums written were primarily due to the stronger U.S. dollar in 2009 compared to 2008. Foreign exchange fluctuations decreased gross and net premiums written by 4% and net premiums earned by 2%. These decreases in gross and net premiums written and a decrease in reinstatement premiums of $18 million in 2009 compared to 2008 were partially offset by the inclusion of Paris Re's business in the fourth quarter of 2009, as well as new business and share increases. The increase in net premiums earned of 16% was higher than the decrease of 4% in net premiums written due to the earning of the premiums in the fourth quarter of 2009 related to Paris Re's business that was written prior to the date of acquisition and a treaty written in December 2008.

Losses and loss expenses and loss ratio

2010 over 2009

The losses and loss expenses and loss ratio reported in 2010 reflected:

- large catastrophic losses related to the Chile Earthquake and New Zealand Earthquake of $232 million, or 34.1 points on the loss ratio;
- losses related to an aggregate contract covering losses in Australia and New Zealand of $48 million, or 7.1 points on the loss ratio;
- a higher level of mid-sized loss activity;
- net favorable loss development on prior accident years of $44 million, or 6.5 points on the loss ratio;
- the inclusion of losses and loss expenses related to business written by Paris Re; and
- an increase in the book of business and exposure.

The net favorable loss development of $44 million was primarily due to favorable loss emergence, as losses reported by cedants during 2010 for prior accident years were lower than the Company expected. Based on the Company's assessment of this loss information, the Company decreased its expected ultimate loss ratio, which had the effect of decreasing the level of prior year loss estimates.

The increase of $387 million in losses and loss expenses in 2010 compared to 2009 included:

- an increase in large catastrophic losses of $232 million;
- an increase in losses related to an aggregate contract of $48 million;
- an increase in losses and loss expenses of approximately $102 million resulting from an increase in losses and loss expenses related to business written by Paris Re, a higher level of mid-sized loss activity and an increase in the book of business and exposure, partially offset by normal fluctuations in profitability between periods; and
- a decrease of $5 million in net favorable prior year loss development.

2009 over 2008

The losses and loss expenses and loss ratio reported in 2009 reflected:

- no large catastrophic losses;
- net favorable loss development on prior accident years of $49 million, or 10.5 points on the loss ratio;
- a higher level of mid-sized loss activity; and
- the inclusion of losses and loss expenses related to business written by Paris Re.

The net favorable loss development of $49 million was primarily due to favorable loss emergence, as losses reported by cedants during 2009 for prior accident years were lower than the Company expected. Based on the Company's assessment of this loss information, the Company decreased its expected ultimate loss ratio, which had the effect of decreasing the level of prior year loss estimates.

The decrease of $138 million in losses and loss expenses for 2009 compared to 2008 included:

- a decrease of $183 million related to the lack of large catastrophic losses in 2009; partially offset by
- a decrease of $29 million in net favorable prior year loss development; and
- an increase of $16 million resulting from an increase in losses and loss expenses related to business written by Paris Re, a higher level of mid-sized loss activity and normal fluctuations in profitability between periods.

Acquisition costs and acquisition ratio

2010 over 2009

Acquisition costs increased in 2010 compared to 2009 primarily as a result of higher net premiums earned. The acquisition ratio in 2010 was comparable to 2009.

2009 over 2008

Acquisition costs and the acquisition ratio decreased in 2009 compared to 2008 primarily due to profit commissions received from certain cedants in 2009 and the inclusion of Paris Re's premiums which carry a lower acquisition ratio due to the recovery of costs under ceded reinsurance contracts.

Technical result and technical ratio

2010 over 2009

The decrease of $201 million in the technical result and corresponding increase in the technical ratio in 2010 compared to 2009 was primarily explained by an increase of $226 million, net of reinstatement premiums, in large catastrophic losses, an increase of $48 million in losses related to an aggregate contract, a higher level of mid-sized loss activity, and a decrease of $5 million in net favorable prior year loss development, partially offset by the inclusion of the technical result (before the impact of large catastrophic losses and prior year loss development) related to Paris Re's business and normal fluctuations in profitability between periods.

2009 over 2008

The increase of $209 million in the technical result and corresponding decrease in the technical ratio in 2009 compared to 2008 was primarily explained by an increase of $163 million, net of reinstatement premiums of $20 million, related to the lack of large catastrophic losses in 2009, the inclusion of the technical result (before the impact of large catastrophic losses and prior year loss development) related to Paris Re's business and normal fluctuations in profitability between periods, partially offset by a decrease of $29 million in net favorable prior year loss development and a higher level of mid-sized loss activity.

2011 Outlook

During the January 1, 2011 renewals, the Company observed overall softening of terms and conditions and increased retentions by cedants in certain markets. The Company did observe some positive pricing trends in certain markets, which followed recent loss experience. The expected premium volume from the Company's January 1, 2011 renewal, at constant foreign exchange rates, decreased compared to the prior year renewal primarily as a result of the Company's decision to reduce certain catastrophe exposures and decreased cessions. In addition, the Company actively repositioned its portfolio at the January 1, 2011 renewals, following the integration of Paris Re's business. Management expects a continuation of these trends in terms and conditions for the remainder of 2011.

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Life Segment

The following table provides the components of the allocated underwriting result for this segment (in millions of U.S. dollars):

	2010	% Change 2010 over 2009	2009	% Change 2009 over 2008	2008
Gross premiums written	**$ 749**	**26%**	$ 595	2%	$ 584
Net premiums written	**742**	**26**	591	2	579
Net premiums earned	**$ 744**	**27**	$ 587	2	$ 576
Life policy benefits	**(624)**	**42**	(440)	(5)	(463)
Acquisition costs	**(116)**	**3**	(113)	(6)	(120)
Technical result	**$ 4**	**(89)**	$ 34	NM	$ (7)
Other income	**2**	**2**	2	377	—
Other operating expenses	**(57)**	**21**	(47)	9	(43)
Net investment income	**71**	**16**	62	(7)	67
Allocated underwriting result [(1)]	**$ 20**	**(60)**	$ 51	198	$ 17

NM: not meaningful

(1) Allocated underwriting result is defined as net premiums earned, other income or loss and allocated net investment income less life policy benefits, acquisition costs and other operating expenses.

Premiums

The Life segment represented 16%, 15% and 15% of total net premiums written in 2010, 2009 and 2008, respectively. The increase in the Life segment's net premiums written as a percentage of total net premiums written in 2010 compared to 2009 and 2008 was primarily due to new business written, as described below, which was partially offset by the inclusion of Paris Re's premiums in the Company's Non-life segment and in its total net premiums written.

2010 over 2009

Gross and net premiums written increased by 26% and net premiums earned increased by 27% in 2010 compared to 2009. The increases in gross and net premiums written and net premiums earned were primarily driven by new business written in the longevity line, and, to a lesser extent, the mortality line.

2009 over 2008

Gross and net premiums written and net premiums earned increased by 2% in 2009 compared to 2008. The increase in gross and net premiums written and net premiums earned was primarily driven by new business in the mortality line and growth in the longevity line and was partially offset by the impact of foreign exchange rates and lower additional premiums reported in 2009 by a cedant for a longevity treaty in run-off. Foreign exchange fluctuations decreased gross and net premiums written and net premiums earned by 10% as a result of the stronger U.S. dollar in 2009 compared to 2008.

Life policy benefits

2010 over 2009

Life policy benefits increased by $184 million in 2010 compared to 2009. The increase was primarily attributable to:

- an increase in new business written in the longevity and mortality lines; and
- an increase of $27 million in net adverse prior year loss development.

The net adverse prior year loss development of $12 million in 2010 was primarily driven by adverse development of $23 million due to an improvement in the mortality trend related to an ILA treaty in the longevity line and adverse development on certain mortality treaties. This adverse development was partially offset by favorable prior year loss development of $17 million resulting from the GMDB business, where the payout is linked to the performance of underlying capital market assets, driven by new cedant information and updated assumptions.

2009 over 2008

Life policy benefits decreased by $23 million in 2009 compared to 2008. The decrease was primarily attributable to:

- an increase of $39 million in net favorable prior year loss development; and
- lower life policy benefits reported in 2009 by a cedant for a longevity treaty in run-off.

The net favorable prior year loss development of $15 million in 2009 was mainly driven by the GMDB business. These decreases in life policy benefits were partially offset by new business in the mortality line and growth in longevity line, as discussed above.

Acquisition costs

2010 over 2009

Acquisition costs increased in 2010 compared to 2009 due to higher net premiums earned in the mortality line, partially offset by lower acquisition costs reported for a longevity treaty in run-off.

2009 over 2008

The decrease in acquisition costs in 2009 compared to 2008 was primarily due to the impact of foreign exchange fluctuations, downward profit commission adjustments reported by cedants and new business with lower costs ratios, partially offset by acquisition costs on higher premiums earned.

Net investment income

2010 over 2009

Net investment income increased by $9 million in 2010 compared to 2009 primarily as a result of positive adjustments on funds held contracts reported by cedants and higher invested assets, partially offset by lower interest rates.

2009 over 2008

Net investment income decreased by $5 million in 2009 compared to 2008 primarily as a result of the impact of foreign exchange fluctuations and a decrease in interest rates, partially offset by higher invested assets.

Allocated underwriting result

2010 over 2009

The decrease of $31 million in allocated underwriting result in 2010 was primarily due to the decrease in the technical result, with the impact of higher operating expenses being partially offset by higher net investment income. The decrease in the technical result was driven by an increase of $27 million in net adverse prior year loss development, which was primarily related to an ILA treaty in the longevity line, and normal fluctuations in profitability between periods.

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2009 over 2008

The increase of $34 million in allocated underwriting result in 2009 compared to 2008 was primarily explained by the increase in the technical result of $41 million, and was partially offset by lower net investment income and higher operating expenses. The increase in the technical result was driven by favorable development of $15 million from the GMDB business in 2009 compared to adverse development of $24 million in 2008, and normal fluctuations in profitability between periods.

2011 Outlook

The Life segment experiences only limited active renewals at January 1, as most in-force contracts are written on a continuous basis. The active renewal is mainly in the mortality line. For those treaties that actively renewed, pricing conditions and terms were stable although the Company did experience a modest level of cancellations and reductions in treaty participations, which were partially offset by new business. Management expects continued growth in 2011, assuming constant foreign exchange rates.

Premium Distribution by Line of Business

The distribution of net premiums written by line of business for the years ended December 31, 2010, 2009 and 2008 was as follows:

	2010	2009	2008
Non-life			
Property and casualty			
Casualty	**11%**	13%	15%
Property	**18**	18	17
Motor	**7**	6	6
Multiline and other	**2**	2	3
Specialty			
Agriculture	**4**	8	7
Aviation/Space	**5**	5	5
Catastrophe	**14**	10	10
Credit/Surety	**6**	6	7
Energy	**2**	2	2
Engineering	**4**	5	5
Marine	**6**	5	4
Specialty casualty	**3**	3	4
Specialty property	**2**	2	1
Life	**16**	15	14
Total	**100%**	100%	100%

The changes in the distribution of net premiums written by line between 2010, 2009 and 2008 primarily reflected the inclusion of Paris Re's premiums for a full year in 2010 compared to the fourth quarter only of 2009, as well as the Company's response to existing market conditions. The distribution of net premiums written may also be affected by the timing of renewals of treaties, a change in treaty structure and premium adjustments by cedants. In addition, foreign exchange fluctuations affected the comparison for all lines.

- Casualty: the decrease in the distribution of net premiums written in 2010 and 2009 was primarily due to the overall declining market conditions.
- Agriculture: the decrease in the distribution of net premiums written in 2010 was primarily due to lower commodity prices and higher cedants' retentions.

- Catastrophe: the increase in the distribution of net premiums written in 2010 is primarily due to the inclusion of Paris Re's premiums, as described above. Paris Re's catastrophe line of business represented a relatively higher percentage of its net premiums written compared to the Company's.
- Life: the increase in the distribution of net premiums written between 2010, 2009 and 2008 was primarily due to an increase in business written in the longevity and mortality lines, as described above.

2011 Outlook

Based on information received from cedants and brokers during the January 1, 2011 renewals and assuming that similar trends and conditions to those experienced during the January 1, 2011 renewals continue through the year, Management expects a modest decrease in the relative distribution of net premiums written to the catastrophe line of business in 2011 compared to 2010. This decrease in the relative distribution of net premiums written to catastrophe in 2011 is the result of the Company repositioning and reducing certain catastrophe exposures. Management expects other lines to be comparable to 2010.

Premium Distribution by Reinsurance Type

The Company typically writes business on either a proportional or non-proportional basis. On proportional business, the Company shares proportionally in both the premiums and losses of the cedant. On non-proportional business, the Company is typically exposed to loss events in excess of a predetermined dollar amount or loss ratio. In both proportional and non-proportional business, the Company typically reinsures a large group of primary insurance contracts written by the ceding company. In addition, the Company writes business on a facultative basis. Facultative arrangements are generally specific to an individual risk and can be written on either a proportional or non-proportional basis. Generally, the Company has more influence over pricing, as well as terms and conditions, in non-proportional and facultative arrangements.

The distribution of gross premiums written by treaty type for the years ended December 31, 2010, 2009 and 2008 was as follows:

	2010	2009	2008
Non-life Segment			
Proportional	**47%**	55%	55%
Non-Proportional	**31**	25	27
Facultative	**7**	5	4
Life Segment			
Proportional	**14**	14	13
Non-Proportional	**1**	1	1
Total	**100%**	100%	100%

The distribution of gross premiums written by treaty type is affected by changes in the allocation of capacity among lines of business, the timing of receipt by the Company of cedant accounts and premium adjustments by cedants. In addition, foreign exchange fluctuations affected the comparison for all treaty types.

The changes in the distribution of gross premiums written by reinsurance type in the Non-life segment between 2010 and 2009 primarily reflected the inclusion of Paris Re's premiums for a full year in 2010 compared to the fourth quarter only of 2009. The increase in the distribution to non-proportional and facultative in 2010 is due to Paris Re's business, which comprised of a higher percentage of these treaty types than the Company's other Non-life business. The reduction in the proportional business written in the Non-life segment in 2010 was also driven by the decreases in the agriculture line of business, as described above. The distribution of proportional business written in the Life segment in 2010 was comparable to 2009 due to new business written being offset by the inclusion of Paris Re's premiums, which increased the percentage of the gross premiums written in the Non-life segment.

The decrease in the percentage of non-proportional gross premiums written in the Non-life segment in 2009 compared to the 2008 resulted primarily from decreases in the casualty line of business in the U.S. sub-segment.

2011 Outlook

Based on renewal information from cedants and brokers, and assuming that similar conditions experienced during the January 1, 2011 renewals continue throughout the year, Management expects two factors to occur. Firstly, Management expects a modest shift in the relative distribution of gross premiums written from non-proportional to proportional as a result of the Company repositioning and reducing certain catastrophe exposures. Secondly, Management expects a modest shift in the relative distribution of gross premiums written from proportional to non-proportional as a result of cedants tending to change treaty structures in soft market conditions. The overall distribution of gross premiums written in 2011 will reflect these factors.

Premium Distribution by Geographic Region

The geographic distribution of gross premiums written for the years ended December 31, 2010, 2009 and 2008 was as follows:

	2010	2009	2008
Europe	**43%**	41%	46%
North America	**36**	41	41
Latin America, Caribbean and Africa	**11**	10	8
Asia, Australia and New Zealand	**10**	8	5
Total	**100%**	100%	100%

The changes in the distribution of gross premiums written by geographic region was primarily driven by the decrease in gross premiums written in the Company's U.S. sub-segment, as described above, and the inclusion of Paris Re's premiums for a full year in 2010 compared to the fourth quarter only of 2009. Paris Re's gross premiums written were proportionately higher in Asia, Australia and New Zealand and lower in Europe compared to the Company's other Non-life business and its Life segment. While the impact of the inclusion of Paris Re's premiums reduced the percentage of gross premiums written in Europe this was more than offset by new business written in the Life segment.

2011 Outlook

Based on renewal information from cedants and brokers, and assuming that similar conditions experienced during the January 1, 2011 renewals continue throughout the year and assuming constant foreign exchange rates, Management expects the distribution of gross premiums written by geographic region in 2011 to be comparable to 2010.

Premium Distribution by Production Source

The Company generates its gross premiums written both through brokers and through direct relationships with cedants. The percentage of gross premiums written by production source for the years ended December 31, 2010, 2009 and 2008 was as follows:

	2010	2009	2008
Broker	**73%**	**72%**	**71%**
Direct	**27**	**28**	**29**

The distribution of gross premiums written by production source was comparable between 2010, 2009 and 2008.

2011 Outlook

Based on renewal information from cedants and brokers, and assuming that similar conditions experienced during the January 1, 2011 renewals continue throughout the year, Management expects the production source of gross premiums written in 2011 to be comparable to 2010.

Corporate and Other

Corporate and Other is comprised of the Company's capital markets and investment related activities, including principal finance transactions, insurance-linked securities and strategic investments, and its corporate activities, including other operating expenses. The year over year comparisons of the investment related and corporate activities are affected by Paris Re's results being included for a full year in 2010 compared to the fourth quarter only of 2009.

Net Investment Income

The table below provides net investment income by asset source for the years ended December 31, 2010, 2009 and 2008 (in millions of U.S. dollars):

	2010	% Change 2010 over 2009	2009	% Change 2009 over 2008	2008
Fixed maturities	**$ 580**	**4%**	$ 559	9%	$ 515
Short-term investments, cash and cash equivalents	**8**	**(28)**	12	(38)	19
Equities	**21**	**50**	14	(53)	29
Funds held and other	**53**	**61**	33	(12)	37
Funds held – directly managed	**52**	**191**	18	NM	—
Investment expenses	**(41)**	**5**	(40)	44	(27)
Net investment income	**$ 673**	**13**	$ 596	4	$ 573

NM: not meaningful

Because of the interest-sensitive nature of some of the Company's Life products, net investment income is considered in Management's assessment of the profitability of the Life segment (see Life segment above). The following discussion includes net investment income from all investment activities, including the net investment income allocated to the Life segment.

2010 over 2009

Net investment income increased in 2010 compared to 2009 primarily due to:

- an increase in net investment income from fixed maturities due to the purchase of higher yielding investments and the reinvestment of cash flows from operations. This increase was partially offset by the sale of fixed maturities to finance the Company's repurchase of common shares of $1,083 million and to repay of debt of $200 million during 2010;
- an increase in net investment income from fixed maturities and from funds held – directly managed due to the inclusion of Paris Re's net investment income for a full year in 2010 compared to the fourth quarter only of 2009;
- an increase in net investment income on funds held and other as a result of higher investment income reported by cedants and a higher level of other invested assets held in 2010, on average, compared to 2009; and
- an increase in net investment income from equities due to a higher level of equity exposures held, on average, in 2010 compared to 2009; partially offset by
- lower reinvestment rates, on average, in 2010 compared to 2009.

2009 over 2008

Net investment income increased in 2009 compared to 2008 due to:

- an increase in net investment income from fixed maturities due to the reinvestment of cash flows from operations and from the purchase of higher yielding investments. This increase was mitigated by cash flows of $294 million used for the repayment of debt and the purchase of CENts during the first quarter of 2009;
- an increase in net investment income from fixed maturities and from funds held – directly managed following the acquisition of Paris Re; partially offset by
- the strengthening of the U.S. dollar, on average, in 2009 compared to 2008 contributed a 4% decrease in net investment income;
- a decrease in net investment income from equities due to a lower level of equity exposures held, on average, in 2009 compared to 2008;
- increased investment expenses; and
- the impact of lower yields on short-term investments.

2011 Outlook

Assuming constant foreign exchange rates, Management expects net investment income to decrease in 2011 as compared to 2010 primarily due to lower reinvestment rates, which will be partially offset by expected positive cash flow from operations (including net investment income). During the fourth quarter of 2010, U.S. and European risk-free rates increased, and should this trend continue in 2011, this would mitigate the decline that Management expects in net investment income.

Net Realized and Unrealized Investment Gains (Losses)

The Company's portfolio managers have dual investment objectives of optimizing current investment income and achieving capital appreciation. To meet these objectives, it is often desirable to buy and sell securities to take advantage of changing market conditions and to reposition the investment portfolios. Accordingly, recognition of realized gains and losses is considered by the Company to be a normal consequence of its ongoing investment management activities. In addition, the Company records changes in fair value for substantially all of its investments as unrealized investment gains or losses in its Consolidated Statements of Operations. Realized and unrealized investment gains and losses are generally a function of multiple factors, with the most significant being prevailing interest rates, credit spreads, and equity market conditions.

As discussed in Overview above, the global economy and financial markets continued to improve in 2010 and this had a significant impact on the Company's investment portfolio and the related level of realized and unrealized gains (losses) on investments. For the year ended December 31, 2010, the investment portfolio and net realized and unrealized investment gains were primarily impacted by decreases in U.S. and European risk-free rates, rising equity markets and modest declines in credit spreads. For the year ended December 31, 2009, the investment portfolio and net realized and unrealized investment gains were primarily impacted by decreases in credit spreads and increases in worldwide equity markets, which were partially offset by increases in risk-free rates.

The components of net realized and unrealized investment gains (losses) for the years ended December 31, 2010, 2009 and 2008 were as follows (in millions of U.S. dollars):

	2010	2009	2008
Net realized investment gains (losses) on fixed maturities and short-term investments	**$ 173**	$ 105	$ (16)
Net realized investment gains (losses) on equities	**45**	(45)	(230)
Net realized losses on other invested assets	**(68)**	(36)	—
Change in net unrealized gains on other invested assets	**4**	58	3
Change in net unrealized investment gains (losses) on fixed maturities and short-term investments	**143**	323	(150)
Change in net unrealized investment gains (losses) on equities	**65**	186	(145)
Net other realized and unrealized investment gains	**13**	2	7
Net realized and unrealized investment gains (losses) on funds held – directly managed	**27**	(2)	—
Net realized and unrealized investment gains (losses)	**$ 402**	$ 591	$ (531)

2010 over 2009

Net realized and unrealized investment gains decreased by $189 million, from $591 million in 2009 to $402 million in 2010. The net realized and unrealized investment gains of $402 million in 2010 were primarily due to lower U.S. and European risk-free interest rates, increases in worldwide equity markets and modestly narrower credit spreads. Net realized and unrealized investment gains of $402 million in 2010 consisted of net realized investment gains on fixed maturities, short-term investments and equities of $218 million, the change in net unrealized investment gains on fixed maturities, short-term investments, equities and other invested assets of $212 million, net realized and unrealized investment gains on funds held – directly managed and net other realized and unrealized gains of $40 million, which were partially offset by net realized losses on other invested assets of $68 million.

Net realized losses and the change in net unrealized gains on other invested assets of $64 million loss combined in 2010 primarily related to realized and unrealized losses on treasury note futures, which were partially offset by unrealized gains on certain non-publicly traded investments and net realized and unrealized gains on total return swaps. Net realized losses on other invested assets of $36 million in 2009 primarily relate to losses on treasury futures and credit default swaps, which were partially offset by gains on equity futures. Net unrealized gains on other invested assets of $58 million in 2009 primarily relate to unrealized gains on total return swaps and treasury futures.

Net realized and unrealized investment gains on funds held – directly managed of $27 million in 2010 primarily relate to changes in unrealized gains on fixed maturities and short-term investments in the segregated investment portfolio underlying the funds held – directly managed account and were due to decreases in risk-free rates.

2009 over 2008

Net realized and unrealized investment gains improved by $1.1 billion, from a loss of $531 million in 2008 to a gain of $591 million in 2009. The improvement in net realized and unrealized investment gains (losses) was primarily due to the narrowing of credit spreads and improvements in worldwide equity markets, which were partially offset by an increase in risk-free rates. Net realized and unrealized investment gains of $591 million in 2009 were primarily due to the change in net unrealized investment gains on fixed maturities and short-term investments, equities and other invested assets of $567 million, and net realized investment gains on fixed maturities and short-term investments of $105 million. These gains were partially offset by net realized investment losses on equities and other invested assets of $81 million.

Net realized losses on other invested assets of $36 million in 2009 primarily relate to losses on treasury futures and credit default swaps, which were partially offset by gains on equity futures. Net unrealized gains on other invested assets of $58 million primarily relate to unrealized gains on total return swaps and treasury futures.

Net other realized and unrealized investment gains of $7 million in 2008 resulted primarily from a $15 million gain related to the expiration of certain representations and warranties the Company provided related to the sale of its U.S. life operations in 2000. This gain was partially offset by an unrealized loss of $7 million from the Company's application of the U.S. GAAP guidance related to embedded derivatives that exist in certain types of funds held contracts.

Interest in Earnings (Losses) of Equity Investments

The interest in the results of equity investments for all periods presented represents the Company's aggregate share of earnings or losses related to several private placement investments and limited partnerships in which the Company has more than a minor interest.

2010 over 2009

The Company's interest in earnings of equity investments was $13 million in 2010 compared to $16 million and in 2009.

2009 over 2008

The Company's interest in earnings of equity investments was $16 million in 2009 compared to losses of $5 million in 2008. The losses in 2008 primarily related to unrealized mark-to-market losses and write-downs related to several unrelated private placement and limited partnership investments.

Technical Result and Other Income

2010 over 2009

Technical result and other income included in Corporate and Other primarily relates to income on insurance linked-securities and principal finance transactions and reflects a gain of $3 million combined in 2010, compared to a gain of $17 million combined in 2009. The decrease of $14 million in 2010 compared to 2009 is primarily related to a decline in the technical result for insurance-linked securities and was driven by lower net premiums earned and a lower level of net favorable prior year loss development.

2009 over 2008

Technical result and other income reflects a gain of $17 million combined in 2009, compared to a gain of $7 million combined in 2008. The increase of $10 million in 2009 compared to 2008 is primarily related to $13 million of losses, net of reinstatement premiums, from Hurricane Ike incurred in 2008.

Other Operating Expenses

The Company's total other operating expenses for years ended December 31, 2010, 2009 and 2008 were as follows (in millions of U.S. dollars):

	2010	% Change 2010 over 2009	2009	% Change 2009 over 2008	2008
Other operating expenses	**$ 540**	**25%**	$ 431	18%	$ 365

Other operating expenses represent 11.3%, 10.5% and 9.3% of the net premiums earned (both Non-life and Life) for the years ended December 31, 2010, 2009 and 2008, respectively. Other operating expenses included in Corporate and Other were $166 million, $131 million and $91 million, of which $151 million, $117 million and $75 million are related to corporate activities for 2010, 2009 and 2008, respectively.

2010 over 2009

The increase in other operating expenses of 25% in 2010 compared to 2009 was primarily due to the inclusion of Paris Re's operating expenses for a full year in 2010 compared to the fourth quarter only of 2009, a charge of $41 million related to the Company's voluntary termination plan (see Overview above), and increased personnel expenses, which were partially offset by lower consulting and professional fees related to the Paris Re acquisition.

2009 over 2008

The increase in other operating expenses of 18% in 2009 compared to 2008 was primarily due to Paris Re acquisition-related expenses of $36 million, the inclusion of Paris Re's other operating expenses of $30 million and higher personnel costs. These increases were partially offset by the strengthening of the U.S. dollar, on average, which contributed a 3% decrease in other operating expenses in 2009.

Financial Condition, Liquidity and Capital Resources

The Company purchased, as part of its acquisition of Paris Re, an investment portfolio and a funds held – directly managed account. The discussion of the acquired Paris Re investment portfolio is included in the discussion of Investments below. The discussion of the segregated investment portfolio underlying the funds held – directly managed account is included separately in Funds Held – Directly Managed below.

Investments

Total investments and cash were $16.4 billion at December 31, 2010, compared to $16.0 billion at December 31, 2009. The major factors influencing the increase during 2010 were:

- net cash provided by operating activities of $1,227 million;
- the issuance of $500 million in Senior Notes in March 2010; and
- an increase in the realized and unrealized gains on the investment portfolio of $375 million primarily resulting from an increase in the fixed maturity and short-term investment portfolios of $316 million, an increase in the equity portfolio of $110 million, and net other realized and unrealized investment gains of $13 million, partially offset by a decrease in other invested assets of $64 million; partially offset by
- repurchases of the Company's common shares of $1,083 million;
- various factors, the primary one being the effect of a stronger U.S. dollar at December 31, 2010 relative to the euro as it relates to the conversion of non-U.S. dollar invested assets into U.S. dollars at lower exchange rates, amounting to approximately $240 million;
- repayment of debt of $200 million; and
- dividend payments on common and preferred shares totaling $192 million.

The Company employs a prudent investment philosophy. It maintains a high quality, well balanced and liquid portfolio having the dual objectives of optimizing current investment income and achieving capital appreciation. The Company's invested assets are comprised of total investments, cash and cash equivalents and

accrued investment income. From a risk management perspective, the Company allocates its invested assets into two categories: liability funds and capital funds. Liability funds (including funds held – directly managed) represent invested assets supporting the net reinsurance liabilities, defined as the Company's operating and reinsurance liabilities net of reinsurance assets, and are invested primarily in high quality fixed income securities. The preservation of liquidity and protection of capital are the primary investment objectives for these assets. The portfolio managers are required to adhere to investment guidelines as to minimum ratings and issuer and sector concentration limitations. Liability funds are invested in a way that generally matches them to the corresponding liabilities in terms of both duration and currency composition to protect the Company against changes in interest and foreign exchange rates. Capital funds represent the capital of the Company and contain most of the asset classes typically viewed as offering a higher risk and higher return profile, subject to risk assumption and portfolio diversification guidelines which include issuer and sector concentration limitations. Capital funds may be invested in investment grade and below investment grade fixed income securities, preferred and common stocks, private placement equity and bond investments, convertible fixed income securities and certain other specialty asset classes. The Company believes that an allocation of a portion of its investments to equities is both prudent and desirable, as it helps to achieve broader asset diversification (lower risk) and maximizes the portfolio's total return over time.

At December 31, 2010, the liability funds totaled $10.6 billion (including funds held – directly managed) and were comprised primarily of cash and cash equivalents and high quality fixed income securities. The capital funds, which totaled $7.7 billion, were comprised of cash and cash equivalents, investment grade and below investment grade fixed income securities, accrued investment income, preferred and common stocks, private placement equity and bond investments, convertible fixed income securities and certain other specialty asset classes.

The Company's investment strategy allows for the use of derivative instruments, subject to strict limitations. The Company utilizes various derivative instruments such as futures contracts, credit default swaps, foreign currency option contracts, foreign exchange forward contracts, and total return and interest rate swaps for the purpose of managing and hedging currency risk, market exposure and portfolio duration, hedging certain investments, mitigating the risk associated with underwriting operations, or enhancing investment performance that would be allowed under the Company's investment policy if implemented in other ways. The use of financial leverage, whether achieved through derivatives or margin borrowing, requires approval from the Risk Management and Finance Committee of the Board.

Trading securities

The Company has elected the fair value option for substantially all of its invested assets, including all of Paris Re's fixed maturities, short-term investments and other invested assets. The market value of investments classified as trading securities (excluding funds held – directly managed) was $13.9 billion at December 31, 2010. Trading securities are carried at fair value with changes in fair value included in net realized and unrealized investment gains and losses in the Consolidated Statements of Operations.

At December 31, 2010, approximately 93% of the Company's fixed income securities, including fixed income type mutual funds, were rated investment grade (BBB- or higher) by Standard & Poor's (or estimated equivalent) and 92% were publicly traded. At December 31, 2009, approximately 96% of the Company's fixed income securities, including fixed income type mutual funds, were rated investment grade (BBB- or higher) by Standard & Poor's (or estimated equivalent) and 92% were publicly traded. The average credit quality of the Company's fixed income securities at December 31, 2010 and 2009 was AA.

The average duration of the Company's investment portfolio was 3.0 years at December 31, 2010, compared to 3.1 years at December 31, 2009. For the purposes of managing portfolio duration, the Company uses exchange traded treasury note futures. The use of treasury note futures allowed the Company to reduce the duration of its investment portfolio from 3.5 years to 3.0 years at December 31, 2010 and from 3.7 years to 3.1 years at December 31, 2009.

The average yield to maturity on fixed maturities, short-term investments and cash and cash equivalents at December 31, 2010 decreased to 2.9% compared to 3.6% at December 31, 2009, reflecting lower risk-free interest rates and lower reinvestment rates.

The Company's investment portfolio generated a positive total accounting return (calculated based on the carrying value of all investments in local currency) of 6.4% and 9.7% for the years ended December 31, 2010 and 2009, respectively. The lower total accounting return in 2010 compared to 2009 was primarily due to lower risk-free rates, which was partially offset by improvements in worldwide equity markets.

The cost, gross unrealized gains, gross unrealized losses and fair value of investments classified as trading at December 31, 2010 and 2009 were as follows (in millions of U.S. dollars):

2010	**Cost [(1)]**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturities				
U.S. government and agencies	**$ 963**	**$ 16**	**$ (6)**	**$ 973**
Non-U.S. sovereign government, supranational and government related	**2,744**	**83**	**(8)**	**2,819**
Corporate	**5,876**	**287**	**(19)**	**6,144**
Asset-backed securities	**554**	**12**	**(9)**	**557**
Residential mortgage-backed securities	**2,228**	**93**	**(15)**	**2,306**
Other mortgage-backed securities	**30**	**1**	**(5)**	**26**
Total fixed maturities	**12,395**	**492**	**(62)**	**12,825**
Short-term investments	**49**	**—**	**—**	**49**
Equities	**943**	**147**	**(18)**	**1,072**
Total	**$ 13,387**	**$ 639**	**$ (80)**	**$ 13,946**

2009	**Cost [(1)]**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturities				
U.S. government and agencies	$ 1,273	$ 9	$ (12)	$ 1,270
Non-U.S. sovereign government, supranational and government related	3,012	61	(14)	3,059
Corporate	6,438	223	(30)	6,631
Asset-backed securities	565	19	(16)	568
Residential mortgage-backed securities	2,531	68	(15)	2,584
Other mortgage-backed securities	38	1	(8)	31
Total fixed maturities	13,857	381	(95)	14,143
Short-term investments	135	2	—	137
Equities	731	82	(17)	796
Total	$ 14,723	$ 465	$ (112)	$ 15,076

(1) Cost is amortized cost for fixed maturities and short-term investments and cost for equity securities. For investments acquired from Paris Re, cost is based on the fair value at the date of acquisition and subsequently adjusted for amortization of fixed maturities and short-term investments.

The decrease in fixed maturities and short-term investments from $14.3 billion at December 31, 2009 to $12.9 billion at December 31, 2010 is primarily related to cash outflows used to fund the Company's share repurchases, debt repayment and dividends, and changes in the asset allocation from fixed maturities to equities and cash and cash equivalents. These decreases in fixed maturities and short-term investments were partially

offset by the reinvestment of net investment income and an increase in asset values due to lower risk-free rates. The change in the asset allocation from fixed maturities to equities during the year was driven by improving worldwide equity markets. The change in the asset allocation from fixed maturities to cash and cash equivalents was primarily due to the timing of redemptions of fixed maturities during the fourth quarter of 2010 in order to finance new investments, share repurchases and certain steps related to the integration of Paris Re into the Company's operating structure during the early part of 2011.

U.S. government and agencies included U.S. treasuries, agencies of the U.S. government and U.S. municipalities which accounted for 69%, 24%, and 7%, respectively, of this category at December 31, 2010. The U.S. treasuries are not rated, however, they are generally considered to have a credit quality equivalent to or greater than AAA corporate issues. At December 31, 2010, 42% of U.S. government agency securities, although not specifically rated, are generally considered to have a credit quality equivalent to AAA corporate issues. The remaining 50% and 8% of U.S. government agency securities were rated AAA and AA, respectively. At December 31, 2010, 17% of municipalities held were rated investment grade (BBB- or higher) by Standard & Poor's (or estimated equivalent), with the remaining 83% not rated.

The non-U.S. sovereign government, supranational and government related category includes obligations of non-U.S. sovereign governments, agencies, political subdivisions and supranational debt. Non-U.S. sovereign government obligations comprised 81% of this category, of which 94% were rated AAA. The largest three non-U.S. sovereign government issuers (France, Germany and Canada) accounted for 83% of non-U.S. sovereign government obligations at December 31, 2010. The remaining 19% of this category was comprised of investment grade non-U.S. government related obligations, non-U.S. government agency obligations and supranational debt, which represented 13%, 5% and 1% of the total, respectively. At December 31, 2010, 83% of this category was rated AAA compared to 64% at December 31, 2009. The increase in the percentage of this category rated AAA was primarily due to the Company selling substantially all of its non-U.S. government and government related obligations related to Italy, Greece, Portugal, Ireland and Spain, in January 2010, and reallocating these exposures to non-U.S. government and government related securities rated AAA.

Corporate bonds are comprised of obligations of U.S. and foreign corporations. At December 31, 2010, 91% of these investments were rated investment grade (BBB- or higher) by Standard & Poor's (or estimated equivalent), while 67% were rated A- or better. While the ten largest issuers accounted for 20% of the corporate bonds held by the Company at December 31, 2010 (7% of total investments and cash), no single issuer accounted for more than 3% of total corporate bonds (1% of the Company's total investments and cash at December 31, 2010). At December 31, 2010, U.S. bonds comprised 61% of this category and no other country accounted for more than 10% of this category. The main exposures by economic sector were 25% in finance (10% were banks) and 13% in consumer noncyclicals. Within the finance sector, 99% of corporate bonds were rated investment grade and 90% were rated A- or better at December 31, 2010. In January 2010, the Company sold all of its holdings of Spanish government guaranteed corporate debt (excluding funds held – directly managed) with these exposures reallocated primarily to AAA rated non-U.S. government securities.

The asset-backed securities category included U.S asset-backed securities, which accounted for 84% at December 31, 2010. Of the U.S. asset-backed securities, 50% were rated investment grade (BBB- or higher) by Standard & Poor's (or estimated equivalent) and 50% were not rated. Non-U.S. asset-backed securities accounted for the remainder of this category, all of which were rated A- or higher by Standard & Poor's (or estimated equivalent).

The residential mortgage-backed securities category included U.S. residential mortgage-backed securities, which accounted for 88% at December 31, 2010. These securities generally have a low risk of default and 98% are backed by agencies of the U.S. government, which sets standards on the mortgages before accepting them into the program. Although these U.S. government backed agency securities do not carry a formal rating, they are generally considered to have a credit quality equivalent to or greater than AAA corporate issues. They are considered prime mortgages and the major risk is uncertainty of the timing of prepayments. While there have

been market concerns regarding sub-prime mortgages, the Company did not have direct exposure to these types of securities in its own portfolio at December 31, 2010, other than $18 million of investments in distressed asset vehicles (included in other invested assets). At December 31, 2010, the Company's U.S. residential mortgage-backed securities included approximately $99 million (4% of residential mortgage-backed securities) of collateralized mortgage obligations, where the Company deemed the entry point and price of the investment to be attractive. The remaining 12% of this category at December 31, 2010 was comprised of non-U.S. residential mortgage-backed securities, of which 93% were rated AAA and substantially all were rated investment grade (BBB- or higher) by Standard & Poor's (or estimated equivalent).

Other mortgaged-backed securities included U.S. commercial mortgage-backed securities and non-U.S. commercial mortgage backed securities, which accounted for 69% and 31% of this category at December 31, 2010, respectively. Approximately 99% of this category was rated A- or higher by Standard & Poor's (or estimated equivalent) at December 31, 2010.

Short-term investments primarily consisted of obligations of non-U.S. sovereign governments, foreign corporations, U.S. corporations and U.S. treasuries. At December 31, 2010, non-U.S. sovereign government obligations, U.S. corporations and U.S. treasuries accounted for 43%, 8% and 6%, respectively, of this category and were rated A- or higher by Standard & Poor's (or estimated equivalent). At December 31, 2010, foreign corporates represented the remaining balance of short-term investments and were comprised of catastrophe and mortality bonds, which accounted for 22% and 21% of this category, respectively, and were either rated below investment grade or were not rated.

Publicly traded common stocks (including public exchange traded funds and real estate investment trusts (REITs)) comprised 96% of equities at December 31, 2010. The remaining 4% of this category consisted primarily of funds holding fixed income securities, which was mainly comprised of a $35 million emerging markets fund. Of the publicly traded common stocks, exchange traded funds and REITs, U.S. issuers represented 90% at December 31, 2010. While the ten largest common stocks accounted for 17% of equities (excluding equities held in public exchange traded funds and funds holding fixed income securities) at December 31, 2010, no single common stock issuer accounted for more than 3% of total equities (excluding equities held in public exchange traded funds and funds holding fixed income securities) or more than 1% of the Company's total investments and cash. At December 31, 2010, the largest publicly traded common stock exposures by economic sector were 19% in consumer noncyclicals, 12% in each of technology, energy and finance, 11% in communications, and 10% in industrials. The increase in the Company's equity portfolio from $796 million at December 31, 2009 to $1,072 million at December 31, 2010 was primarily due to a shift in asset allocation to equities and an increase in market values driven by improving worldwide equity markets during in 2010.

Maturity Distribution

The distribution of fixed maturities and short-term investments at December 31, 2010, by contractual maturity date, is shown below (in millions of U.S. dollars). Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

	Cost	Fair Value
One year or less	$ 921	$ 930
More than one year through five years	4,875	5,022
More than five years through ten years	3,264	3,418
More than ten years	572	615
Subtotal	9,632	9,985
Mortgage/asset-backed securities	2,812	2,889
Total	$ 12,444	$ 12,874

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Rating Distribution

The following table provides a breakdown of the credit quality of the Company's fixed income securities at December 31, 2010:

Rating Category	% of total fixed income securities
AAA	51%
AA	9
A	22
BBB	11
Below investment grade/unrated	7
	100%

The Company's AA and A (or equivalent) rated securities, as a percentage of its total fixed income portfolio, decreased from 34% at December 31, 2009 to 31% at December 31, 2010 and was reallocated to fixed income securities rated below investment grade/unrated. The Company has increased its allocation to fixed income securities rated below investment grade/unrated from 4% at December 31, 2009 to 7% at December 31, 2010, primarily due to the purchase of higher yielding unrated mortgaged/asset-backed securities and below investment-grade corporate securities. The changes in the Company's overall asset allocation compared to December 31, 2009 also reflects the increase in the sales and redemptions of fixed income securities to finance the significant level of share repurchases in 2010. The average credit quality of the Company's fixed maturity investment portfolio at December 31, 2010 and 2009 was AA.

Other Invested Assets

At December 31, 2010 and 2009, the Company's other invested assets totaled $352 million and $226 million, respectively. The Company's other invested assets consisted primarily of investments in non-publicly traded companies, private placement equity and bond investments, notes receivable and other specialty asset classes. These assets, together with the Company's derivative financial instruments that were in a net unrealized gain or loss position at December 31, 2010, are reported within other invested assets in the Company's Consolidated Balance Sheets.

At December 31, 2010, the Company's principal finance activities included $124 million of investments classified as other invested assets, which were comprised primarily of total return, interest rate and credit default swaps (which are accounted for as derivative financial instruments), other asset-backed securities and notes receivable. At December 31, 2010, the carrying value of other asset-backed securities and notes receivable was $88 million and $49 million, respectively, and were partially offset by the combined fair value of total return, interest rate and credit default swaps which was an unrealized loss of $13 million.

For total return swaps within the principal finance portfolio, the Company uses internal valuation models to estimate the fair value of these derivatives and develops assumptions that require significant judgment, such as the timing of future cash flows, credit spreads and the general level of interest rates. For interest rate swaps, the Company uses externally modeled quoted prices that use observable market inputs. At December 31, 2010, the fair value of the Company's assumed exposure in the form of total return and interest rate swaps was an unrealized loss of $7 million and $6 million, respectively. At December 31, 2010, the notional value of the Company's assumed exposure in the form of total return swaps was $161 million.

As of December 31, 2010, 50% of the Company's principal finance total return and interest rate swap portfolio was related to apparel and retail future flow income or intellectual property backed transactions and 38% was related to tax advantaged real estate income, with the remainder distributed over a number of generally unrelated risks. Approximately 50% of the underlying investments were rated investment grade.

For credit default swaps within principal finance, the Company uses externally modeled quoted prices that use observable market inputs to estimate the fair value. At December 31, 2010, the fair value of the Company's assumed exposure in the form of credit default swaps was insignificant and the notional value was $23 million.

The Company continues to utilize credit default swaps to mitigate the risk associated with its underwriting obligations, most notably in the credit/surety line, to replicate investment positions or to manage market exposures and to reduce the credit risk for specific fixed maturities in its investment portfolio. The counterparties to the Company's credit default swaps are all highly rated financial institutions, rated A- or better by Standard & Poor's at December 31, 2010. The Company uses externally modeled quoted prices that use observable market inputs to estimate the fair value of these swaps. Excluding the credit default swaps within the principal finance portfolio described above, the fair value of these credit default swaps was a net unrealized loss of $2 million at December 31, 2010, and the notional value was comprised of $114 million of credit protection purchased and $5 million of credit exposure assumed.

The Company has entered into various weather derivatives and a longevity total return swap for which the underlying risks reference parametric weather risks and longevity risks, respectively. The Company uses internal valuation models to estimate the fair value of these derivatives and develops assumptions that require significant judgment, except for exchange traded weather derivatives. In determining the fair value of exchange traded weather derivatives, the Company uses quoted market prices. At December 31, 2010, the combined fair values of the weather derivatives and the longevity total return swap were insignificant, while their combined notional values were $89 million.

The Company uses exchange traded treasury note futures for the purposes of managing portfolio duration. The fair value and notional value of the treasury note futures was a net unrealized gain of $24 million and a net short position of $1,756 million at December 31, 2010, respectively. The Company also uses equity futures to replicate equity investment positions, which had insignificant fair values and notional values at December 31, 2010.

The Company utilizes foreign exchange forward contracts and foreign currency option contracts as part of its overall currency risk management and investment strategies. As of December 31, 2010, the fair value of foreign exchange forward contracts and foreign currency option contracts was a net unrealized gain of $14 million and $4 million, respectively.

At December 31, 2010, the Company's strategic investments of $195 million (of which $179 million were included in other invested assets) includes investments in non-publicly traded companies, private placement equity and bond investments, derivatives and other specialty asset classes. Included as part of the Company's strategic investment activities are commodity futures and option contracts (which are accounted for as derivative financial instruments) with combined fair values and notional values that were insignificant at December 31, 2010.

The Company also had $9 million of other invested assets at December 31, 2010.

Funds Held – Directly Managed

For a discussion of the funds held – directly managed account and the related Quota Share Retrocession Agreement, see Summary of certain agreements between AXA SA, Colisée Re and Paris Re in Item 1 of Part I of this report. The composition of the investments underlying the funds held – directly managed account at December 31, 2010 is discussed below.

Substantially all of the investments in the segregated investment portfolio underlying the funds held – directly managed account are carried at fair value. Realized and unrealized investment gains and losses and net investment income related to this account inure to the benefit of the Company. The Company elected the fair

value option as of the Acquisition Date of Paris Re for all of the fixed maturities, short-term investments and certain other invested assets in the segregated investment portfolio underlying this account, and accordingly, all changes in its fair value subsequent to the Acquisition Date are recorded in net realized and unrealized investment gains and losses in the Consolidated Statements of Operations.

At December 31, 2010, approximately 98% of the fixed income securities underlying the funds held – directly managed account were publicly traded and substantially all were rated investment grade (BBB- or higher) by Standard & Poor's (or estimated equivalent). The average credit quality of fixed income securities underlying the funds held – directly managed account was AA at December 31, 2010, and 2009.

The average duration of investments underlying the funds held – directly managed account was 3.1 years at December 31, 2010, compared to 3.0 years at December 31, 2009. The average yield to maturity on fixed maturities, short-term investments and cash and cash equivalents underlying the funds held – directly managed account decreased from 2.6% at December 31, 2009 to 2.4% at December 31, 2010, primarily due to a decline in risk-free interest rates in 2010. The average yield to maturity is lower than the book yield of 3.5% reported prior to the acquisition of Paris Re due to an increase in the cost basis of the portfolio under U.S. GAAP, which is based on the fair value of the investments at the Acquisition Date. The increased cost basis is a result of the securities trading at a premium to their par value at maturity at the Acquisition Date. The premium will be amortized over the remaining period to maturity.

The cost, gross unrealized gains, gross unrealized losses and fair value of investments underlying the funds held – directly managed account at December 31, 2010 and 2009 were as follows (in millions of U.S. dollars):

2010	**Cost (1)**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturities				
U.S. government and agencies	**$ 281**	**$ 8**	**$ (1)**	**$ 288**
Non-U.S. sovereign government, supranational and government related	**378**	**7**	**—**	**385**
Corporate	**788**	**14**	**(3)**	**799**
Mortgage/asset-backed securities	**12**	**2**	**(2)**	**12**
Total fixed maturities	**1,459**	**31**	**(6)**	**1,484**
Short-term investments	**38**	**—**	**—**	**38**
Other invested assets	**25**	**—**	**(4)**	**21**
Total	**$ 1,522**	**$ 31**	**$ (10)**	**$ 1,543**

2009	**Cost (1)**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturities				
U.S. government and agencies	$ 302	$ —	$ (2)	$ 300
Non-U.S. sovereign government, supranational and government related	549	3	(4)	548
Corporate	900	3	(3)	900
Mortgage/asset-backed securities	14	5	(1)	18
Total fixed maturities	1,765	11	(10)	1,766
Short-term investments	28	—	—	28
Other invested assets	41	1	(3)	39
Total	$ 1,834	$ 12	$ (13)	$ 1,833

(1) Cost is based on the fair value at the date of the acquisition of Paris Re and subsequently adjusted for amortization of fixed maturities and short-term investments.

In addition to the investments in the above table at December 31, 2010, the funds held – directly managed account included cash and cash equivalents of $129 million, other assets and liabilities of $80 million and accrued investment income of $20 million. The other assets and liabilities represent working capital assets held by Colisée Re related to the underlying business. The discussion below focuses on the investments underlying the funds held – directly managed account.

U.S. government and agency securities underlying the funds held – directly managed account are comprised of agencies of the U.S. government and U.S. treasuries which accounted for 67% and 33% of this category at December 31, 2010, respectively. With the exception of investments totaling $37 million in government sponsored entities which were rated AA, the agencies of the U.S. government and U.S. treasuries are generally considered to have a credit quality equivalent to or greater than AAA corporate issues.

Included in the non-U.S. sovereign government, supranational and government related category are obligations of non-U.S. sovereign governments, agencies, political subdivisions and supranational debt. Non-U.S. government related obligations rated investment grade (BBB- or higher) by Standard & Poor's (or estimated equivalent) comprised 60% of this category, with investment grade non-U.S government agency obligations, non-U.S. sovereign government obligations, and supranational debt accounting for the remaining 18%, 18% and 4%, respectively. The decrease in this category from $548 million at December 31, 2009 to $385 million at December 31, 2010, is primarily related to fixed income securities underlying the funds held – directly managed account that have matured during the year, as the Company has matched the duration of its fixed income securities with the expected loss payments related to the run-off of the Paris Re reserves that are guaranteed by Coliseé Re under the Reserve Agreement. The decrease is also due to the sale of substantially all of the non-U.S. governments and agency obligations related to Italy, Spain, Greece, Portugal and Ireland in January 2010.

Corporate bonds underlying the funds held – directly managed account are comprised of obligations of U.S. and foreign corporations. At December 31, 2010, all of these investments were rated investment grade (BBB- or higher) by Standard & Poor's (or estimated equivalent), while 93% were rated A- or better. While the ten largest issuers accounted for 25% of the corporate bonds underlying the funds held – directly managed account at December 31, 2010, no single issuer accounted for more than 7% of total corporate bonds or more than 3% of the investments and cash underlying the funds held – directly managed account. U.S. and French bonds comprised 45% and 14%, respectively, of this category at December 31, 2010. The main exposures of this category by economic sector were 48% in finance (28% were banks), 13% in consumer noncyclicals and 11% in government guaranteed corporate debt. At December 31, 2010 all of the finance sector corporate bonds held were rated investment grade (BBB- or higher) by Standard & Poor's (or estimated equivalent) and 98% were rated A- or better. The decrease in this category from $900 million at December 31, 2009 to $799 million at December 31, 2010, is primarily related to the maturity of fixed income securities underlying the funds held – directly managed account to match the expected loss payments related to the Paris Re guaranteed reserves, as described above.

Mortgage/asset-backed securities underlying the funds held – directly managed account are comprised of U.S. mortgage-backed and asset-backed securities. At December 31, 2010, 46% of these investments were rated investment grade (BBB- or higher) by Standard & Poor's (or estimated equivalent), while 24% were rated A- or better.

Short-term investments underlying the funds held – directly managed account at December 31, 2010, are comprised of non-U.S. sovereign government and non-U.S. government agency obligations. At December 31, 2010, all of these investments were rated investment grade (BBB- or higher) by Standard & Poor's (or estimated equivalent), while 97% were rated AAA.

Other invested assets underlying the funds held – directly managed account consist primarily of real estate fund investments.

See discussion in Counterparty Credit Risk in Item 7A of Part II of this report related to the release of assets forming part of the funds held – directly managed account to PartnerRe Europe in February 2011.

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Maturity Distribution

The distribution of fixed maturities and short-term investments underlying the funds held – directly managed account at December 31, 2010, by contractual maturity date, is shown below (in millions of U.S. dollars). Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

	Cost	Fair Value
One year or less	$ 288	$ 289
More than one year through five years	801	814
More than five years through ten years	366	376
More than ten years	30	31
Subtotal	1,485	1,510
Mortgage/asset-backed securities	12	12
Total	$ 1,497	$ 1,522

Rating Distribution

The following table provides a breakdown of the credit quality of fixed income securities underlying the Company's funds held – directly managed account at December 31, 2010:

Rating Category	% of total fixed income securities
AAA	45%
AA	27
A	24
BBB	4
	100%

The percentage of AAA-rated fixed income securities underlying the funds held – directly managed account at December 31, 2010, increased from 38% at December 31, 2009 to 45% at December 31, 2010. The increase is primarily due to a shift in asset allocation from non-U.S. government related securities to AAA-rated U.S. government securities due to the maturities of certain fixed income securities, as described above, and the sale of substantially all of the non-U.S. government related obligations (related to Italy, Spain, Greece, Portugal and Ireland in January 2010). The average credit quality of the fixed income securities underlying the funds held – directly managed account at December 31, 2010 and 2009 was AA.

Funds Held by Reinsured Companies (Cedants)

In addition to the funds held – directly managed account described above, the Company writes certain business on a funds held basis. The following discussion excludes the funds held – directly managed account. Under such contractual arrangements, the cedant retains the net funds that would have otherwise been remitted to the Company and credits the net fund balance with investment income.

As of December 31, 2010 and 2009, the Company recorded $937 million and $938 million, respectively, of funds held assets in its Consolidated Balance Sheets. The modest decrease in funds held assets at December 31, 2010 compared to December 31, 2009 is related to impact of the stronger U.S. dollar, primarily against the euro and British pound, converting funds held assets on contracts that are denominated in currencies that have depreciated against the U.S. dollar at lower exchange rates, being offset by an increase in funds held assets related to growth and new business in the Life segment.

At December 31, 2010, the five largest cedants represented 63% of the funds held balance, with overall net liabilities owed by the Company to those cedants. Approximately 79% of the funds held balance at December 31, 2010 related to contracts that earned investment income based upon a predetermined interest rate, either fixed contractually at the inception of the contract or based upon a recognized market index (e.g., LIBOR). Interest rates at December 31, 2010 ranged from 3.0% to 6.0%. Under these contractual arrangements, there are no specific assets linked to the funds held assets, and the Company is only exposed to the credit risk of the cedant. These arrangements include three of the five cedants with the largest funds held assets, which represented 44% of the Company's total funds held balance.

With respect to the remaining 21% of funds held at December 31, 2010, the Company receives an investment return based upon either the results of a pool of assets held by the cedant, or the investment return earned by the cedant on its entire investment portfolio. This portion of the Company's funds held assets at December 31, 2010 included two of the five cedants with the largest funds held assets, which represented 19% of the Company's total funds held balance. The Company does not legally own or directly control the investments underlying its funds held assets and only has recourse to the cedant for the receivable balances and no claim to the underlying securities that support the balances. Decisions as to purchases and sales of assets underlying the funds held balances are made by the cedant; in some circumstances, investment guidelines regarding the minimum credit quality of the underlying assets may be agreed upon between the cedant and the Company as part of the reinsurance agreement, or the Company may participate in an investment oversight committee regarding the investment of the net funds, but investment decisions are not otherwise influenced by the Company.

Within this portion of the funds held assets, the Company has several annuity treaties which are structured so that the return on the funds held balances is tied to the performance of an underlying group of assets held by the cedant, including fluctuations in the market value of the underlying assets. One such treaty is a retrocessional agreement under which the Company receives more limited data than what is generally received under a direct reinsurance agreement. In these arrangements, the objective of the reinsurance agreement is to provide for the covered longevity risk and to earn a net investment return on an underlying pool of assets greater than is contractually due to the annuity holders. While the Company is also exposed to the creditworthiness of the cedant, the Company's credit risk in some jurisdictions is mitigated by a mandatory right of offset of amounts payable by the Company to a cedant against amounts due to the Company. In certain other jurisdictions the Company is able to mitigate this risk, depending on the nature of the funds held arrangements, to the extent that the Company has the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by the Company to cedants for losses payable and other amounts contractually due. The Company also has non-life treaties in which the investment performance of the net funds held asset corresponds to the interest income on the assets held by the cedant; however, the Company is not directly exposed to the underlying credit risk of these investments, as they serve only as collateral for the Company's receivables. That is, the amount owed to the Company is unaffected by changes in the market value of the investments underlying the funds held.

Unpaid Losses and Loss Expenses

The Company establishes loss reserves to cover the estimated liability for the payment of all losses and loss expenses incurred with respect to premiums earned on the contracts that the Company writes. Loss reserves do not represent an exact calculation of the liability. Estimates of ultimate liabilities are contingent on many future events and the eventual outcome of these events may be different from the assumptions underlying the reserve estimates. The Company believes that the recorded unpaid losses and loss expenses represent Management's best estimate of the cost to settle the ultimate liabilities based on information available at December 31, 2010.

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At December 31, 2010 and 2009, the Company recorded gross Non-life reserves for unpaid losses and loss expenses of $10,667 million and $10,811 million, respectively, and net Non-life reserves for unpaid losses and loss expenses of $10,318 million and $10,475 million, respectively. The following table provides a reconciliation of the net Non-life reserves for unpaid losses and loss expenses for the years ended December 31, 2010, 2009 and 2008 (in millions of U.S. dollars):

	2010	2009	2008
Net liability at beginning of year	**$ 10,475**	$ 7,385	$ 7,099
Net liability acquired related to Paris Re	—	3,176	—
Net incurred losses related to:			
Current year	**3,138**	2,341	2,564
Prior years	**(478)**	(486)	(418)
	2,660	1,855	2,146
Change in Paris Re Reserve Agreement	**(67)**	(32)	—
Net paid losses	**(2,579)**	(2,044)	(1,581)
Effects of foreign exchange rate changes	**(171)**	135	(279)
Net liability at end of year	**$ 10,318**	$ 10,475	$ 7,385

See Critical Accounting Policies and Estimates—Losses and Loss Expenses and Life Policy Benefits and Review of Net Income—Results by Segment above for a discussion of losses and loss expenses and prior years' reserve developments. See also Business—Reserves in Item 1 of Part I of this report for a discussion of the impact of foreign exchange on the net reserves.

The net Non-life reserves for unpaid losses and loss expenses at December 31, 2010 include $1,239 million of reserves guaranteed by Colisée Re under the Reserve Agreement (see Summary of certain agreements between AXA SA, Colisée Re and Paris Re in Item 1 of Part I of this report and Note 9 to Consolidated Financial Statements for a discussion of the Reserve Agreement).

The 2010 net incurred losses included losses of $520 million for the Chile Earthquake, New Zealand Earthquake and Deepwater Horizon and the 2008 net incurred losses included losses of $332 million for Hurricane Ike, while 2009 net incurred losses reflected low large loss activity. The Non-life ratio of paid losses to net premiums earned was 64%, 58% and 47%, and the Non-life ratio of paid losses to incurred losses was 97%, 110% and 74% for the years ended December 31, 2010, 2009 and 2008, respectively. The Non-life ratio of paid losses to net premiums earned in 2010 increased primarily due to higher paid losses related to Hurricane Ike and the Chile Earthquake and the impact of the Company continuing to pay losses associated with Paris Re's business, while the related net premiums earned are declining as a result of a significant level of non-renewals as the Company integrates and repositions its portfolio. The decrease in the Non-life ratio of paid losses to incurred losses is due to a higher level of incurred losses, primarily related to the Chile Earthquake, New Zealand Earthquake and Deepwater Horizon in 2010 compared to the same period in 2009, which had no catastrophic or large losses and is partially offset by the higher level of paid losses in 2010 compared to 2009.

Policy Benefits for Life and Annuity Contracts

At December 31, 2010 and 2009, the Company recorded gross policy benefits for life and annuity contracts of $1,750 million and $1,615 million, respectively, and net policy benefits for life and annuity contracts of $1,736 million and $1,595 million, respectively.

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The following table provides a reconciliation of the net policy benefits for life and annuity contracts for the years ended December 31, 2010, 2009 and 2008 (in millions of U.S. dollars):

	2010	2009	2008
Net liability at beginning of year	**$ 1,595**	$ 1,408	$ 1,499
Net incurred losses related to:			
Current year	**612**	455	439
Prior years	**12**	(15)	24
	624	440	463
Net paid losses	**(420)**	(323)	(353)
Effects of foreign exchange rate changes	**(63)**	70	(201)
Net liability at end of year	**$ 1,736**	$ 1,595	$ 1,408

The increase in net policy benefits for life and annuity contracts of $141 million from December 31, 2009 to December 31, 2010 is due to an increase in current year incurred losses, which is driven by growth and new business. This increase was partially offset by net paid losses and the impact of the stronger U.S. dollar, primarily against the euro and the British pound, converting policy benefits for life and annuity contracts that are denominated in these currencies at lower exchange rates.

See Critical Accounting Policies and Estimates—Losses and Loss Expenses and Life Policy Benefits and Review of Net Income—Results by Segment above for a discussion of life policy benefits and prior years' reserve development.

Reinsurance Recoverable on Paid and Unpaid Losses

The Company has exposure to credit risk related to reinsurance recoverable on paid and unpaid losses. See Note 10 to Consolidated Financial Statements in Item 8 of Part II of this report and Quantitative and Qualitative Disclosures about Market Risk—Counterparty Credit Risk in Item 7A of Part II of this report for a discussion of the Company's risk related to reinsurance recoverable on paid and unpaid losses and the Company's process to evaluate the financial condition of its reinsurers.

As of December 31, 2010 and 2009, the Company recorded $363 million and $357 million, respectively, of reinsurance recoverable on paid and unpaid losses in its Consolidated Balance Sheets. The distribution of the Company's reinsurance recoverable on paid and unpaid losses categorized by the reinsurer's Standard & Poor's rating at December 31, 2010 was as follows:

Rating Category	% of total reinsurance recoverable on paid and unpaid losses
AAA	1%
AA	11
A	54
Less than A/Unrated/Other	23
Collateralized	11
Total	100%

At December 31, 2010, 77% of the Company's reinsurance recoverable on paid and unpaid losses were either due from reinsurers with an A- or better rating from Standard and Poor's or from reinsurers with collateralized balances.

Contractual Obligations and Commitments

In the normal course of its business, the Company is a party to a variety of contractual obligations as summarized below. These contractual obligations are considered by the Company when assessing its liquidity requirements and the Company is confident in its ability to meet all of its obligations. Contractual obligations at December 31, 2010 were as follows (in millions of U.S. dollars):

	Total	< 1 year	1-3 years	3-5 years	> 5 years
Contractual obligations:					
Operating leases	120.2	34.8	47.9	20.2	17.3
Other operating agreements	27.7	16.4	8.2	3.1	—
Other invested assets [(1)]	142.1	54.2	70.0	13.6	4.3
Unpaid losses and loss expenses [(2)]	10,666.6	2,852.8	2,916.2	1,649.0	3,248.6
Policy benefits for life and annuity contracts [(3)]	2,670.3	352.7	313.1	241.7	1,762.8
Deposit liabilities [(3)]	382.3	19.2	50.9	47.2	265.0
Employment agreements [(4)]	30.1	22.8	7.2	0.1	—
Other long-term liabilities:					
Senior Notes—principal [(5)]	750.0	—	—	—	750.0
Senior Notes—interest	NA	44.7	89.4	89.4	44.7 per annum
Capital Efficient Notes—principal [(6)]	63.4	—	—	—	63.4
Capital Efficient Notes —interest	NA	4.1	8.2	8.2	4.1 per annum
Series C cumulative preferred shares— principal [(7)]	290.0	—	—	—	290.0
Series C cumulative preferred shares—dividends	NA	19.6	39.2	39.2	19.6 per annum
Series D cumulative preferred shares— principal [(7)]	230.0	—	—	—	230.0
Series D cumulative preferred shares—dividends	N/A	15.0	29.9	29.9	15.0 per annum

N/A: not applicable

(1) The amounts above for other invested assets represent the Company's expected timing of funding capital commitments related to its strategic investments.

(2) The Company's unpaid losses and loss expenses represent Management's best estimate of the cost to settle the ultimate liabilities based on information available as of December 31, 2010, and are not fixed amounts payable pursuant to contractual commitments. The timing and amounts of actual loss payments related to these reserves might vary significantly from the Company's current estimate of the expected timing and amounts of loss payments based on many factors, including large individual losses as well as general market conditions.

(3) Policy benefits for life and annuity contracts and deposit liabilities recorded in the Company's Consolidated Balance Sheet at December 31, 2010 of $1,750 million and $268 million, respectively, are computed on a discounted basis, whereas the expected payments by period in the table above are the estimated payments at a future time and do not reflect a discount of the amount payable.

(4) In April 2010, as part of the Company's integration of Paris Re, the Company announced a voluntary termination plan (voluntary plan) available to certain eligible employees in France. Employees participating in the voluntary plan have no compulsory notice periods, however, their expected leaving dates are largely through mid 2012. Participating employees will continue to receive salary and other employment benefits until they leave the Company. The amounts in the table above reflect the Company's remaining obligations to the eligible employees that will be paid on their departure dates. A charge has been recorded in the Consolidated Statement of Operations for the year ended December 31, 2010 related to these amounts.

(5) PartnerRe Finance A LLC and PartnerRe Finance B LLC, the issuers of the Senior Notes, do not meet consolidation requirements under U.S. GAAP. Accordingly, the Company shows the related intercompany debt of $750 million and $250 million in its Consolidated Balance Sheets at December 31, 2010 and 2009, respectively.

(6) PartnerRe Finance II Inc., the issuer of the CENts, does not meet consolidation requirements under U.S. GAAP. Accordingly, the Company shows the related intercompany debt of $71 million in its Consolidated Balance Sheets at December 31, 2010 and 2009, respectively.

(7) The Company's Series C and Series D preferred shares are perpetual and have no mandatory redemption requirement. See Note 12 to Consolidated Financial Statements in Item 8 of Part II of this report for further information.

The Contractual Obligations and Commitments table above does not include an estimate of the period of cash settlement of its tax liabilities with the respective taxing authorities given the Company cannot make a reasonably reliable estimate of the timing of cash settlements.

Due to the limited nature of the information presented above, it should not be considered indicative of the Company's liquidity or capital needs. See Liquidity below.

Shareholders' Equity and Capital Resources Management

Shareholders' equity was $7.2 billion at December 31, 2010, a 6% decrease compared to $7.6 billion at December 31, 2009. The major factors contributing to the decrease in shareholders' equity in 2010 were:

- a net decrease of $1,019 million, due to the repurchase of common shares of $1,083 million under the Company's share repurchase program, partially offset by the issuance of common shares under the Company's employee equity plans and share-based compensation expense of $64 million;
- dividends declared on both the Company's common and preferred shares of $192 million;
- a decrease of $67 million in the currency translation adjustment, resulting primarily from the translation of PartnerRe Holdings Europe Limited's financial statements into the U.S. dollar; and
- a decrease of $14 million in other accumulated comprehensive loss; partially offset by
- net income of $853 million.

See Results of Operations and Review of Net Income above for a discussion of the Company's net income for the year ended December 31, 2010.

As part of its long-term strategy, the Company will continue to actively manage capital resources to support its operations throughout the reinsurance cycle and for the benefit of its shareholders, subject to the ability to maintain strong ratings from the major rating agencies and the unquestioned ability to pay claims as they arise. Generally, the Company seeks to increase its capital when its current capital position is not sufficient to support the volume of attractive business opportunities available. Conversely, the Company will seek to reduce its capital, through the payment of dividends or stock repurchases, when available business opportunities are insufficient or unattractive to fully utilize the Company's capital at adequate returns. The Company may also seek to reduce or restructure its capital through the repayment or purchase of debt obligations, or increase or restructure its capital through the issuance of debt, when opportunities arise.

Management uses growth in Diluted Book Value per Share as a prime measure of the value the Company is generating for its common shareholders, as Management believes that growth in the Company's Diluted Book Value per Share ultimately translates into growth in the Company's stock price. Diluted Book Value per Share is calculated using common shareholders' equity (shareholders' equity less the aggregate liquidation value of preferred shares) divided by the number of fully diluted common shares and common share equivalents outstanding (assuming exercise of all stock-based awards and other dilutive securities). The Company's Diluted Book Value per Share increased by 11% to $93.77 at December 31, 2010 from $84.51 at December 31, 2009, primarily due to comprehensive income and the accretive impact of the share repurchases during 2010. See Key Financial Measures for further discussion.

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The table below sets forth the capital structure of the Company at December 31, 2010 and 2009 (in millions of U.S. dollars):

	2010		2009	
Capital Structure:				
Senior notes [(1)]	**$ 750**	**9%**	$ 250	3%
Capital efficient notes [(2)]	**63**	**1**	63	1
6.75% Series C cumulative preferred shares, aggregate liquidation	**290**	**4**	290	4
6.5% Series D cumulative preferred shares, aggregate liquidation	**230**	**3**	230	3
Common shareholders' equity	**6,687**	**83**	7,126	89
Total Capital	**$ 8,020**	**100%**	$ 7,959	100%

(1) PartnerRe Finance A LLC and PartnerRe Finance B LLC, the issuers of the Senior Notes, do not meet consolidation requirements under U.S. GAAP. Accordingly, the Company shows the related intercompany debt of $750 million and $250 million in its Consolidated Balance Sheets at December 31, 2010 and 2009, respectively.

(2) PartnerRe Finance II Inc., the issuer of the CENts, does not meet consolidation requirements under U.S. GAAP. Accordingly, the Company shows the related intercompany debt of $71 million in its Consolidated Balance Sheets at December 31, 2010 and 2009, respectively.

Long-term Debt

In October 2005, the Company entered into a loan agreement with Citibank, N.A., under which the Company borrowed $400 million. The loan had an original maturity of April 27, 2009 and bore interest quarterly at a floating rate of 3-month LIBOR plus 0.50%. In July 2008, under the terms of a loan amendment entered into with Citibank N.A., the maturity of half of the original $400 million loan was extended to July 12, 2010 with interest quarterly at a floating rate of 3-month LIBOR plus 0.50% through April 27, 2009 and at a rate of 3-month LIBOR plus 0.85% thereafter.

On January 14, 2009, the Company elected to repay the first half of the original $400 million loan that was due on April 27, 2009.

On July 12, 2010, the Company repaid the $200 million remaining half of the original $400 million loan.

The Company incurred interest expense of $1.2 million, $3.9 million and $15.2 million and paid interest of $1.6 million, $6.3 million and $16.1 million for the years ended December 31, 2010, 2009 and 2008, respectively, in relation to this loan.

The Company did not enter into any short-term borrowing arrangements during the year ended December 31, 2010.

Senior Notes

On March 10, 2010, PartnerRe Finance B LLC (PartnerRe Finance B), an indirect wholly-owned subsidiary of the Company, issued $500 million aggregate principal amount of 5.500% Senior Notes (2010 Senior Notes, or collectively with the 2008 Senior Notes defined below referred to as Senior Notes). The 2010 Senior Notes will mature on June 1, 2020 and may be redeemed at the option of the issuer, in whole or in part, at any time. Interest payments on the 2010 Senior Notes commenced on June 1, 2010 and is payable semi-annually at an annual fixed rate of 5.500%, and cannot be deferred.

The 2010 Senior Notes are ranked as senior unsecured obligations of PartnerRe Finance B. The Company has fully and unconditionally guaranteed all obligations of PartnerRe Finance B under the 2010 Senior Notes. The Company's obligations under this guarantee are senior and unsecured and rank equally with all other senior

unsecured indebtedness of the Company. The proceeds from the 2010 Senior Notes were used for general corporate purposes.

Contemporaneously, PartnerRe U.S. Holdings, a wholly-owned subsidiary of the Company, issued a 5.500% promissory note, with a principal amount of $500 million to PartnerRe Finance B. Under the terms of the promissory note, PartnerRe U.S. Holdings promises to pay to PartnerRe Finance B the principal amount on June 1, 2020, unless previously paid. Interest on the promissory note commenced on June 1, 2010 and is payable semi-annually at an annual fixed rate of 5.500%, and cannot be deferred.

For the year ended December 31, 2010, the Company incurred interest expense of $21.8 million and paid interest of $19.6 million in relation to the 2010 Senior Notes issued by PartnerRe Finance B.

In May 2008, PartnerRe Finance A LLC (PartnerRe Finance A), an indirect wholly-owned subsidiary of the Company, issued $250 million aggregate principal amount of 6.875% Senior Notes (2008 Senior Notes, or collectively with 2010 Senior Notes referred to as Senior Notes). The 2008 Senior Notes will mature on June 1, 2018 and may be redeemed at the option of the issuer, in whole or in part, at any time. Interest on the 2008 Senior Notes is payable semi-annually and commenced on December 1, 2008 at an annual fixed rate of 6.875%, and cannot be deferred.

The 2008 Senior Notes are ranked as senior unsecured obligations of PartnerRe Finance A. The Company has fully and unconditionally guaranteed all obligations of PartnerRe Finance A under the 2008 Senior Notes. The Company's obligations under this guarantee are senior and unsecured and rank equally with all other senior unsecured indebtedness of the Company. The proceeds from the 2008 Senior Notes were used to redeem an outstanding bank loan and the remaining net proceeds were used for general corporate purposes.

Contemporaneously, PartnerRe U.S. Holdings issued a 6.875% promissory note, with a principal amount of $250 million to PartnerRe Finance A. Under the terms of the promissory note, PartnerRe U.S. Holdings promises to pay to PartnerRe Finance A the principal amount on June 1, 2018, unless previously paid. Interest on the promissory note is payable semi-annually and commenced on December 1, 2008 at an annual fixed rate of 6.875%, and cannot be deferred.

For the years ended December 31, 2010, 2009 and 2008, the Company incurred interest expense of $17.2 million, $17.2 million and $10.2 million, respectively, and paid interest of $17.2 million, $17.2 million and $8.8 million, respectively, in relation to the 2008 Senior Notes issued by PartnerRe Finance A (see Note 11 to Consolidated Financial Statements in Item 8 of Part II of this report).

Capital Efficient Notes

In November 2006, PartnerRe Finance II Inc. (PartnerRe Finance II), an indirect wholly-owned subsidiary of the Company, issued $250 million aggregate principal amount of 6.440% Fixed-to-Floating Rate Junior Subordinated CENts. The CENts will mature on December 1, 2066 and may be redeemed at the option of the issuer, in whole or in part, after December 1, 2016 or earlier upon occurrence of specific rating agency or tax events. Interest on the CENts is payable semi-annually and commenced on June 1, 2007 through to December 1, 2016 at an annual fixed rate of 6.440% and will be payable quarterly thereafter until maturity at an annual rate of 3-month LIBOR plus a margin equal to 2.325%.

PartnerRe Finance II may elect to defer one or more interest payments for up to ten years, although interest will continue to accrue and compound at the rate of interest applicable to the CENts. The CENts are ranked as junior subordinated unsecured obligations of PartnerRe Finance II. The Company has fully and unconditionally guaranteed on a subordinated basis all obligations of PartnerRe Finance II under the CENts. The Company's obligations under this guarantee are unsecured and rank junior in priority of payments to the Company's Senior Notes.

Contemporaneously, PartnerRe U.S. Holdings issued a 6.440% Fixed-to-Floating Rate promissory note, with a principal amount of $257.6 million to PartnerRe Finance II. Under the terms of the promissory note, PartnerRe U.S. Holdings promises to pay to PartnerRe Finance II the principal amount on December 1, 2066, unless previously paid. Interest on the promissory note is payable semi-annually and commenced on June 1, 2007 through to December 1, 2016 at an annual fixed rate of 6.440% and will be payable quarterly thereafter until maturity at an annual rate of 3-month LIBOR plus a margin equal to 2.325%.

On March 2, 2009, the Company announced the commencement of a cash tender offer for any and all of the CENts. Under the terms of the tender offer, PartnerRe Finance II paid holders $500 per $1,000 principal amount of CENts tendered. In addition, holders of the CENts were paid any accrued and unpaid interest on the purchased CENts from the last interest payment date.

On March 13, 2009, PartnerRe Finance II purchased approximately 75% of the issue, or $186.6 million, for $93.3 million. Contemporaneously, under the terms of a cross receipt agreement, PartnerRe U.S. Holdings paid PartnerRe Finance II consideration of $93.3 million for the extinguishment of $186.6 million of the principal amount of PartnerRe U.S. Holdings' 6.440% Fixed-to-Floating Rate promissory note due December 1, 2066. All other terms and conditions of the remaining CENts and promissory note remain unchanged. A pre-tax gain of $88.4 million, net of deferred issuance costs and fees, was realized on the foregoing transactions. The aggregate principal amount of the CENts and promissory note outstanding at December 31, 2010 was $63.4 million and $71.0 million, respectively.

For the years ended December 31, 2010, 2009 and 2008, the Company incurred interest expense of $4.6 million, $7.0 million and $16.6 million, respectively, and paid interest of $4.6 million, $8.0 million and $16.6 million, respectively (see Note 11 to Consolidated Financial Statements in Item 8 of Part II of this report).

Preferred Shares

In May 2003, the Company issued 11.6 million of 6.75% Series C cumulative redeemable preferred shares (Series C preferred shares) for a total consideration of $280.9 million after underwriting discounts and commissions totaling $9.1 million. The Company may redeem the Series C preferred shares at $25.00 per share plus accrued and unpaid dividends without interest. Dividends on the Series C preferred shares are cumulative from the date of issuance and are payable quarterly in arrears. In the event of liquidation of the Company, the holders of outstanding preferred shares would have preference over the common shareholders and would receive a distribution of $25.00 per share, or an aggregate value of $290 million, plus accrued and unpaid dividends.

In November 2004, the Company issued 9.2 million of 6.5% Series D cumulative redeemable preferred shares (Series D preferred shares) for a total consideration of $222.3 million after underwriting discounts and commissions totaling $7.7 million. The Company may redeem the Series D preferred shares at $25.00 per share plus accrued and unpaid dividends without interest. Dividends on the Series D preferred shares are cumulative from the date of issuance and are payable quarterly in arrears. In the event of liquidation of the Company, the holders of outstanding preferred shares would have preference over the common shareholders and would receive a distribution of $25.00 per share, or an aggregate value of $230 million, plus accrued and unpaid dividends.

Common Shareholders' Equity

Share repurchases

During 2010, the Company repurchased, under its authorized share repurchase program, 14.0 million of its common shares at a total cost of $1,083 million, representing an average cost of $77.10 per share. At December 31, 2010, the Company had approximately 6.5 million common shares remaining under its current share repurchase authorization and approximately 14.0 million common shares were held in treasury and are available for reissuance (see Note 12 to Consolidated Financial Statements in Item 8 of Part II of this report).

During 2009, no shares were repurchased. During 2008, the Company repurchased 1.5 million of its common shares pursuant to its repurchase program at a total cost of $110 million, representing an average cost of $71.79 per share (see Note 12 to Consolidated Financial Statements in Item 8 of Part II of this report).

In January and February 2011, the Company repurchased 2.7 million of its common shares at a total cost of $220 million, representing an average cost of $81.54 per share. Following these share repurchases, the Company had approximately 3.8 million common shares remaining under its current share repurchase authorization and approximately 16.7 million shares held in treasury.

Share issuance

During 2010, the Company's remaining $200 million forward sale agreement matured. The Company did not deliver any common shares to the forward counterparty (see Note 19 to Consolidated Financial Statements in Item 8 of Part II of this report).

During 2009, and pursuant to the acquisition of Paris Re, the Company issued 25.7 million common shares, of which 1.3 million common shares were reissued from treasury (see Note 12 to Consolidated Financial Statements in Item 8 of Part II of this report).

During 2008, under a maturing forward sale agreement, the Company delivered 3.4 million common shares to the forward counterparty over a 40 day valuation period for total proceeds of $211.6 million. The value received per share was the average daily market price per share over the valuation period, subject to a minimum price per share of $59.37 (see Note 19 to Consolidated Financial Statements in Item 8 of Part II of this report).

Liquidity

Liquidity is a measure of the Company's ability to access sufficient cash flows to meet the short-term and long-term cash requirements of its business operations. Management believes that its significant cash flows from operations and high quality liquid investment portfolio will provide sufficient liquidity for the foreseeable future. Cash and cash equivalents increased significantly from $738 million at December 31, 2009 to $2,111 million at December 31, 2010.

The increase in cash and cash equivalents at December 31, 2010 compared to December 31, 2009 was related to an increase in net cash flows from investing activities of $1,550 million to $1,102 million during 2010 compared to net cash used in investing activities of $447 million during 2009. The increase in cash and cash equivalents at December 31, 2010 was primarily due to the timing of redemptions of fixed maturities during the fourth quarter of 2010 in order to finance new investments, share repurchases and certain steps related to the integration of Paris Re into the Company's operating structure during the early part of 2011. The increase in net cash from investing activities was due to the same factors, as well as, additional sales and redemptions of fixed maturities during 2010 to finance the Company's share repurchases of $1.1 billion.

Cash flows from operations in 2010 increased to $1,227 million from $1,099 million in 2009. The increase in cash flows from operations in 2010 compared to 2009 was primarily due to higher net investment and underwriting cash flows and was partially offset by an increase in taxes and foreign exchange. The increase in net investment cash flows reflects contributions from Paris Re for a full year in 2010 compared to the fourth quarter only of 2009 and was partially offset by lower reinvestment rates. Although paid losses in 2010 were higher than paid losses in 2009, due to the inclusion of Paris Re's paid losses for a full year in 2010, the Company's net cash inflows from underwriting activities have increased. The higher taxes and foreign exchange was driven by higher taxable income in 2009, mainly in France and the U.S.

Net cash used in financing activities increased from $765 million in 2009 to $922 million in 2010. Net cash used in financing activities in 2010 was primarily related to share repurchases of $1,065 million, the repayment

of debt of $200 million and dividends on common and preferred shares of $192 million, partially offset by the proceeds from the issuance of the $500 million Senior Notes.

The Company is a holding company with no operations or significant assets other than the capital stock of the Company's subsidiaries and other intercompany balances. The Company has cash outflows in the form of operating expenses, interest payments related to its debt, dividends to both common and preferred shareholders and, from time to time, cash outflows for principal repayments related to its debt, and the repurchase of its common shares under its share repurchase program. For the year ended December 31, 2010, the Company incurred operating expenses of $92 million, interest paid was $6 million, common dividends paid were $157 million, preferred dividends paid were $35 million, the repayment of debt was $200 million and share repurchases were $1,083 million. In February and October 2010, the Company announced that it was increasing its quarterly dividend to $0.50 per common share and to $0.55 per common share, respectively, or approximately $154 million in total for 2011, assuming a constant number of common shares outstanding and a constant dividend rate, and it will pay approximately $35 million in dividends to preferred shareholders.

The Company relies primarily on cash dividends and payments from its subsidiaries to pay the operating expenses, interest expense, shareholder dividends and other obligations of the holding company that may arise from time to time. The Company expects future dividends and other permitted payments from its subsidiaries to be the principal source of its funds to pay such expenses and dividends. The payment of dividends by the reinsurance subsidiaries to the Company is limited under Bermuda and Irish laws and certain statutes of various U.S. states in which PartnerRe U.S. is licensed to transact business. As of December 31, 2010, there were no significant restrictions on the payment of dividends by the Company's subsidiaries that would limit the Company's ability to pay common and preferred shareholders' dividends and its corporate expenses (see Note 14 to Consolidated Financial Statements in Item 8 of Part II of this report).

The reinsurance subsidiaries of the Company depend upon cash inflows from the collection of premiums as well as investment income and proceeds from the sales and maturities of investments to meet their obligations. Cash outflows are in the form of claims payments, purchase of investments, operating expenses, income tax payments, intercompany payments as well as dividend payments to the holding company, and additionally, in the case of PartnerRe U.S. Holdings, interest payments on the Senior Notes and the CENts. PartnerRe U.S. Holdings and its subsidiaries have $750 million in Senior Notes as well as $63 million of CENts outstanding at December 31, 2010 and will pay approximately $49 million in aggregate interest payments in 2011 related to this debt.

Historically, the operating subsidiaries of the Company have generated sufficient cash flows to meet all of their obligations. Because of the inherent volatility of the business written by the Company, the seasonality in the timing of payments by cedants, the irregular timing of loss payments, the impact of a change in interest rates and credit spreads on the investment income as well as seasonality in coupon payment dates for fixed income securities, cash flows from operating activities may vary significantly between periods. The Company expects that annual positive cash flows from operating activities will be sufficient to cover claims payments through 2011, absent a series of unusual catastrophic events. In the unlikely event that paid losses accelerate beyond the ability to fund such payments from operating cash flows, the Company would use its cash balances available, liquidate a portion of its high quality and liquid investment portfolio or borrow under the Company's revolving line of credit (see Credit Facilities below). As discussed in Investments above, the Company's investments and cash totaled $16.4 billion at December 31, 2010, the main components of which were investment grade fixed income securities, short-term investments and cash and cash equivalents totaling $14.1 billion.

Financial strength ratings and senior unsecured debt ratings represent the opinions of rating agencies on the Company's capacity to meet its obligations. In the event of a significant downgrade in ratings, the Company's ability to write business and to access the capital markets could be impacted. Some of the Company's reinsurance treaties contain special funding and termination clauses that would be triggered in the event the Company or one of its subsidiaries is downgraded by one of the major rating agencies to levels specified in the treaties, or the

Company's capital is significantly reduced. If such an event were to occur, the Company would be required, in certain instances, to post collateral in the form of letters of credit and/or trust accounts against existing outstanding losses, if any, related to the treaty. In a limited number of instances, the subject treaties could be cancelled retroactively or commuted by the cedant (see Risk Factors in Item 1A of Part I of this report for the Company's financial strength ratings).

Credit Facilities

In the normal course of its operations, the Company enters into agreements with financial institutions to obtain unsecured and secured credit facilities. As of December 31, 2010, the total amount of such credit facilities available to the Company was $1,359.4 million, with each of the significant facilities described below. These facilities are used primarily for the issuance of letters of credit, although a portion of these facilities may also be used for liquidity purposes. Under the terms of certain reinsurance agreements, irrevocable letters of credit were issued on an unsecured and secured basis in the amount of $459.9 million and $243.2 million, respectively, at December 31, 2010, in respect of reported loss and unearned premium reserves.

On July 16, 2010, the Company terminated its existing $660 million five-year syndicated unsecured credit facility, which had a maturity date of September 30, 2010, and entered into a new $750 million three-year syndicated unsecured credit facility. The new facility has the following terms: (i) a maturity date of July 16, 2013, (ii) a $250 million accordion feature, which enables the Company to potentially increase its available credit from $750 million to $1 billion, and (iii) a minimum consolidated tangible net worth requirement. The Company's ability to increase its available credit to $1 billion is subject to the agreement of the credit facility participants. The Company's breach of any of the covenants would result in an event of default, upon which the Company may be required to repay any outstanding borrowings and replace or cash collateralize letters of credit issued under this facility. The Company was in compliance with all of the covenants as of December 31, 2010. The new facility is predominantly used for the issuance of letters of credit, although the Company and its subsidiaries have access to a revolving line of credit of up to $375 million as part of this facility. During the year ended December 31, 2010, there were no borrowings under this revolving line of credit.

Additionally, the syndicated unsecured credit facility allows for an adjustment to the level of pricing should the Company experience a change in its senior unsecured debt ratings. The pricing grid provides the Company greater flexibility and simultaneously provides participants under the facility with some price protection.

On May 14, 2010, the Company entered into an agreement to modify an existing credit facility. Under the terms of the agreement, this credit facility was increased from a $100 million unsecured credit facility to a $250 million combined credit facility, with the initial $100 million being unsecured and any utilization above the initial $100 million being secured. This credit facility matures on May 14, 2011, and can be extended automatically to May 14, 2012.

In addition to the unsecured credit facilities available, the Company maintains two committed secured letter of credit facilities related to business written by Paris Re, with a total amount available of $350 million. The facilities are used for the issuance of letters of credit, which must be secured fully or partially with cash and/or government bonds and/or investment grade bonds. These credit facilities have maturity dates of January 20, 2012, with respect to a $150 million facility, and November 18, 2011, with respect to a $200 million facility. The agreements include default covenants, which could require the Company to fully secure the outstanding letters of credit to the extent that the facility is not already fully secured, and disallow the issuance of any new letters of credit. At December 31, 2010, no conditions of default existed under these facilities.

Off-Balance Sheet Arrangements

In October 2005, the Company entered into a forward sale agreement under which it agreed to sell approximately 6.7 million of its common shares to an affiliate of Citigroup Global Markets Inc., which affiliate is

referred to as the forward counterparty. Under the forward sale agreement, the Company would deliver common shares to the forward counterparty on one or more settlement dates chosen by the Company prior to October 2008.

On July 31, 2008, the Company amended its existing forward sale agreement. Under the terms of the amendment, half the contract matured according to its original term beginning on September 26, 2008, while the remaining half was extended to April 2010. Under the terms of the unamended half of the forward sale agreement, in 2008 the Company delivered 3.4 million common shares to the forward counterparty for total proceeds of $211.6 million (see Note 12 to Consolidated Financial Statements in Item 8 of Part II of this report).

On April 28, 2010, under the terms of the amendment to the forward sale agreement with the forward counterparty, the remaining $200 million forward sale agreement matured. Subsequent to maturity and commencing on April 28, 2010, there was a 40 day valuation period, whereby the Company could deliver up to 3.4 million common shares over the valuation period, subject to a minimum price per share of $59.05 and a maximum price per share of $84.15. As a result of the Company's share price trading between the minimum and the maximum price per share during the valuation period, the Company did not deliver any common shares to the forward counterparty.

Currency

The Company's reporting currency is the U.S. dollar. The Company has exposure to foreign currency risk due to both its ownership of its Irish, French and Canadian subsidiaries and branches, whose functional currencies are the euro and the Canadian dollar, and to underwriting reinsurance exposures, collecting premiums and paying claims and other operating expenses in currencies other than the U.S. dollar and holding certain net assets in such currencies. The Company's most significant foreign currency exposure is to the euro.

At December 31, 2010, the value of the U.S. dollar strengthened approximately 8% against the euro and 3% against the British pound, compared to December 31, 2009. Since a large proportion of the Company's assets and liabilities are expressed in these currencies, there was a decrease in the U.S. dollar value of the assets and liabilities denominated in these currencies at December 31, 2010. These decreases were partially offset by the U.S. dollar weakening against the Canadian dollar by approximately 5% at December 31, 2010, compared to December 31, 2009, which increased the U.S. dollar value of Canadian dollar denominated assets and liabilities. See Results of Operations and Review of Net Income above for a discussion of the impact of foreign exchange and net foreign exchange gains and losses in 2010 and 2009.

The foreign exchange gain or loss resulting from the translation of the Company's subsidiaries' and branches' financial statements (expressed in euro or Canadian dollar functional currency) into U.S. dollars is classified in the currency translation adjustment account, which is a component of accumulated other comprehensive income or loss in shareholders' equity. The currency translation adjustment account decreased by $67 million during the year ended December 31, 2010 compared to an increase of $48 million and a decrease of $163 million during the years ended December 31, 2009 and 2008, respectively, due to both the Company's net asset exposure to currencies other than the U.S. dollar and the impact of foreign exchange fluctuations.

The following table provides a reconciliation of the currency translation adjustment for the years ended December 31, 2010, 2009 and 2008 (in millions of U.S. dollars):

	2010	2009	2008
Currency translation adjustment at beginning of year	**$ 83**	$ 35	$ 198
Change in currency translation adjustment included in accumulated other comprehensive income	**(66)**	77	(126)
Net realized and unrealized loss on designated net investment hedges included in accumulated other comprehensive income	**(1)**	(29)	(37)
Currency translation adjustment at end of year	**$ 16**	$ 83	$ 35

From time to time, the Company enters into net investment hedges. During the fourth quarter of 2010, the Company entered into foreign exchange contracts (with notional amounts of Canadian $200 million) to hedge a portion of its net investment exposure to Canadian dollar exchange fluctuations resulting from the translations of its Canadian branches. The Company's net notional exposure and net fair value of its net investment hedge at December 31, 2010 was $198 million and a liability of $1 million, respectively. The net unrealized loss of $1 million at December 31, 2010 is included in the table above. See Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Risk in Item 7A of Part II below for a discussion of the Company's risk related to changes in foreign currency movements.

Effects of Inflation

The effects of inflation are considered implicitly in pricing and estimating reserves for unpaid losses and loss expenses. The actual effects of inflation on the results of operations of the Company cannot be accurately known until claims are ultimately settled.

New Accounting Pronouncements

In January 2010, the FASB issued new accounting guidance which requires the Company to disclose additional information about its fair value measurements at a greater level of disaggregation related to the Level 3 activity, which will be effective for interim and annual periods beginning after December 15, 2010.

In October 2010, the FASB issued new accounting guidance clarifying that only acquisition costs related directly to the successful acquisition of new or renewal insurance contracts may be capitalized. Those acquisition costs that may be capitalized include incremental direct costs, such as commissions, and a portion of salaries and benefits of certain employees who are involved in underwriting and policy issuance, that are directly related to time spent on an acquired contract. This guidance is effective for interim and annual periods beginning after December 15, 2011, with early adoption permitted at the beginning of an entity's annual reporting period. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated shareholders' equity or net income.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Overview

Management believes that the Company is principally exposed to five types of market related risk: interest rate risk, credit spread risk, foreign currency risk, counterparty credit risk and equity price risk. How these risks relate to the Company, and the process used to manage them, is discussed below.

As discussed above in this report, the Company's investment philosophy distinguishes between assets that are generally matched against the estimated net reinsurance assets and liabilities (liability funds) and those assets that represent shareholder capital (capital funds). At December 31, 2010, liability funds (including the investment portfolio underlying the funds held – directly managed account) represented 58% (or $10.6 billion) of the Company's total invested assets (including the investments underlying the funds held – directly managed account and accrued interest). Liability funds are invested in a way that generally matches them to the corresponding liabilities in both duration and currency composition. This practice seeks to protect the Company against changes in interest rates and foreign exchange rates. Although the focus of this discussion is to identify risk exposures that impact the market value of assets alone, it is important to recognize that the risks discussed herein are significantly mitigated to the extent that the Company's investment strategy allows market forces to influence the economic valuation of assets and liabilities in a way that is generally offsetting.

At December 31, 2010, capital funds represented 42% (or $7.7 billion) of the Company's total invested assets. These assets represent shareholders' capital and are invested in a diversified portfolio with the objective

of maximizing investment return, subject to prudent risk constraints. Capital funds contain most of the asset classes typically viewed as offering a higher risk and higher return profile, such as preferred and common stocks, private placement equity and bond investments, convertible and high-yield fixed income securities and certain other specialty asset classes, in addition to investment grade fixed income securities. At December 31, 2010, 37% of the Company's capital funds were invested in investment grade fixed income securities compared to 63% at December 31, 2009. The decrease in the percentage of the Company's capital funds invested in investment grade fixed income securities is primarily related to a shift in asset allocation at December 31, 2010 from investment grade fixed income securities to cash and cash equivalents primarily due to the timing of redemptions of fixed maturities during the fourth quarter of 2010 in order to finance new investments, share repurchases and certain steps related to the integration of Paris Re into the Company's operating structure during the early part of 2011. The decrease in the level of investment grade fixed income securities in the Company's capital funds is also due to a shift in asset allocation from investment grade fixed income securities to higher yielding assets due to low risk-free rates. The Company's investment philosophy is to reduce foreign currency risk on capital funds by investing primarily in U.S. dollar denominated investments. In considering the market risk of capital funds, it is important to recognize the benefits of portfolio diversification. Although these asset classes in isolation may introduce more risk into the portfolio, market forces have a tendency to influence each class in different ways and at different times. Consequently, the aggregate risk introduced by a portfolio of these assets should be less than might be estimated by summing the individual risks.

The Company's investment strategy allows the use of derivative investments, subject to strict limitations. The Company also imposes a high standard for the credit quality of counterparties in all derivative transactions and aims to diversify its counterparty credit risk exposure. See Note 6 to the Consolidated Financial Statements in Item 8 of Part II of this report for additional information related to derivatives.

The following comments address those areas where the Company believes it has exposure to material market risk in its operations.

Interest Rate Risk

The Company's fixed income portfolio and the fixed income securities in the investment portfolio underlying the funds held – directly managed account are exposed to interest rate risk. Fluctuations in interest rates have a direct impact on the market valuation of these securities. The Company manages interest rate risk on liability funds by constructing bond portfolios in which the economic impact of a general interest rate shift is comparable to the impact on the related liabilities. This process involves matching the duration of the investment portfolio to the estimated duration of the liabilities. For loss reserves and policy benefits related to non-life and traditional life business, the estimated duration of the Company's liabilities is based on projected claims payout patterns. For policy benefits related to annuity business, the Company estimates duration based on its commitment to annuitants. The Company believes that this matching process mitigates the overall interest rate risk on an economic basis. The Company manages the exposure to interest rate volatility on capital funds by choosing a duration profile that it believes will optimize the risk-reward relationship.

While this matching of duration insulates the Company from the economic impact of interest rate changes, changes in interest rates do impact the Company's shareholders' equity. The Company's liabilities are carried at their nominal value, and are not adjusted for changes in interest rates, with the exception of certain policy benefits for life and annuity contracts and deposit liabilities that are interest rate sensitive. However, substantially all of the Company's invested assets (including the investment portfolio underlying the funds held – directly managed account) are carried at fair value, which reflects such changes. As a result, an increase in interest rates will result in a decrease in the fair value of the Company's investments (including the investment portfolio underlying the funds held – directly managed account) and a corresponding decrease, net of applicable taxes, in the Company's shareholders' equity. A decrease in interest rates would have the opposite effect.

At December 31, 2010, the Company held approximately $2,901 million of its total invested assets (including the investment portfolio underlying the funds held – directly managed account) in mortgage/asset-

backed securities. These assets are exposed to prepayment risk, the adverse impact of which is more evident in a declining interest rate environment.

At December 31, 2010, the Company estimates that the hypothetical case of an immediate 100 basis points or 200 basis points parallel shift in global bond curves would result in a change in the fair value of investments exposed to interest rate risk, the fair value of funds held – directly managed exposed to interest rate risk, total invested assets, and shareholders' equity as follows (in millions of U.S. dollars):

	-200 basis points	% change	-100 basis points	% change	December 31, 2010	+100 basis points	% change	+200 basis points	% change
Fair value of investments exposed to interest rate risk (1) (2)	$ 15,371	6%	$ 14,935	3%	$ 14,499	$ 14,063	(3)%	$ 13,627	(6)%
Fair value of funds held – directly managed exposed to interest rate risk (2)	1,755	6	1,703	3	1,651	1, 599	(3)	1,547	(6)
Total invested assets (3)	19,279	5	18,791	3	18,303	17,815	(3)	17,327	(5)
Shareholders' equity	8,183	14	7,695	7	7,207	6,719	(7)	6,231	(14)

(1) Includes certain other invested assets, certain cash and cash equivalents and funds holding fixed income securities.

(2) Excludes accrued interest.

(3) Includes total investments, cash and cash equivalents, the investment portfolio underlying the funds held – directly managed account and accrued interest.

The changes do not take into account any potential mitigating impact from the equity market, taxes or the corresponding change in the economic value of the Company's reinsurance liabilities, which, as noted above, would substantially offset the economic impact on invested assets, although the offset would not be reflected in the Consolidated Balance Sheets.

As discussed above, the Company strives to match the foreign currency exposure in its fixed income portfolio to its multicurrency liabilities. The Company believes that this matching process creates a diversification benefit. Consequently, the exact market value effect of a change in interest rates will depend on which countries experience interest rate changes and the foreign currency mix of the Company's fixed income portfolio at the time of the interest rate changes. See Foreign Currency Risk below.

At December 31, 2009, the Company estimated that the hypothetical case of an immediate 100 basis point adverse parallel shift in global bond curves would result in an approximate 3%, or $469 million, increase in the fair value of investments exposed to interest rates, or an approximate 3%, 3% and 7% increase in the fair value of funds held – directly managed exposed to interest rate risk, total invested assets and shareholders' equity, respectively. The impact of an immediate change in interest rates on the fair value of investments and funds held – directly managed exposed to interest rate risk, the Company's total invested assets and shareholders' equity, in both absolute terms and as a percentage of total invested assets and shareholders' equity, has not changed significantly at December 31, 2010 compared to December 31, 2009.

Interest rate movements also affect the economic value of the Company's outstanding debt obligations and preferred securities in the same way that they affect the Company's fixed income investments, and this can result in a liability whose economic value is different from the value reported in the Consolidated Balance Sheets. The Company believes that the economic fair value of its outstanding Senior Notes, CENts and preferred shares at December 31, 2010 was as follows (in millions of U.S. dollars):

	Carrying Value	Fair Value
Debt related to Senior Notes (1)	$ 750	$ 782
Debt related to Capital Efficient Notes (2)	63	59
Series C cumulative preferred shares	290	285
Series D cumulative preferred shares	230	222

(1) PartnerRe Finance A LLC and PartnerRe Finance B LLC, the issuers of the Senior Notes, do not meet consolidation requirements under U.S. GAAP. Accordingly, the Company shows the related intercompany debt of $750 million and $250 million in its Consolidated Balance Sheets at December 31, 2010 and 2009, respectively.

(2) PartnerRe Finance II Inc., the issuer of the CENts, does not meet consolidation requirements under U.S. GAAP. Accordingly, the Company shows the related intercompany debt of $71 million in its Consolidated Balance Sheets at December 31, 2010 and 2009, respectively.

The fair value of the debt related to Senior Notes issued by PartnerRe Finance B LLC, PartnerRe Finance A LLC and the CENts has been calculated using quoted market prices based on the aggregate principal amount outstanding of $500 million from PartnerRe Finance B LLC, $250 million from PartnerRe Finance A and $63 million from PartnerRe Finance II, respectively. For the Company's Series C and Series D cumulative preferred shares, fair value is based on quoted market prices, while carrying value is based on the aggregate liquidation value of the shares.

The fair value of the Company's outstanding debt obligations and preferred shares increased modestly at December 31, 2010, compared to December 31, 2009 primarily as a result of lower risk free rates.

Credit Spread Risk

The Company's fixed income portfolio and the fixed income securities in the investment portfolio underlying the funds held – directly managed account are exposed to credit spread risk. Fluctuations in market credit spreads have a direct impact on the market valuation of these securities. The Company manages credit spread risk by the selection of securities within its fixed income portfolio. Changes in credit spreads directly affect the market value of certain fixed income securities, but do not necessarily result in a change in the future expected cash flows associated with holding individual securities. Other factors, including liquidity, supply and demand, and changing risk preferences of investors, may affect market credit spreads without any change in the underlying credit quality of the security.

As with interest rates, changes in credit spreads impact the shareholders' equity of the Company as invested assets are carried at fair value, which includes changes in credit spreads. As a result, an increase in credit spreads will result in a decrease in the fair value of the Company's investments (including the investment portfolio underlying the funds held – directly managed account) and a corresponding decrease, net of applicable taxes, in the Company's shareholders' equity. A decrease in credit spreads would have the opposite effect.

At December 31, 2010, the Company estimates that the hypothetical case of an immediate 100 basis points or 200 basis points parallel shift in global credit spreads would result in a change in the fair value of investments and the fair value of funds held – directly managed exposed to credit spread risk, total invested assets and shareholders' equity as follows (in millions of U.S. dollars):

	-200 basis points	% change	-100 basis points	% change	December 31, 2010	+100 basis points	% change	+200 basis points	% change
Fair value of investments exposed to credit spread risk (1) (2)	$ 15,189	5%	$ 14,844	2%	$ 14,499	$ 14,154	(2)%	$ 13,809	(5)%
Fair value of funds held – directly managed exposed to credit spread risk(2)	1,721	4	1,686	2	1,651	1,616	(2)	1,581	(4)
Total invested assets (3)	19,063	4	18,683	2	18,303	17,923	(2)	17,543	(4)
Shareholders' equity	7,967	11	7,587	5	7,207	6,827	(5)	6,447	(11)

(1) Includes certain other invested assets, certain cash and cash equivalents and funds holding fixed income securities.
(2) Excludes accrued interest.
(3) Includes total investments, cash and cash equivalents, the investment portfolio underlying the funds held – directly managed account and accrued interest.

The impacts of changes in credit spreads for all parallel shifts in basis points are lower than the impacts of changes in interest rates, as the change in credit spreads does not impact government fixed income securities. However, the change in credit spreads does assume that mortgage-backed securities issued by government sponsored entities are affected, even though these typically exhibit significantly lower spread volatility than corporate fixed income securities. These changes also exclude any potential mitigating impact from the equity market, taxes, and the change in the economic value of the Company's reinsurance liabilities, which may offset the economic impact on invested assets, although the offset would not be reflected in the Consolidated Balance Sheets.

At December 31, 2009, the Company estimated that the hypothetical case of an immediate 100 basis point adverse change in credit spreads would result in an approximate 2%, or $373 million, increase in the fair value of investments exposed to credit spreads, or an approximate 2%, 2% and 5% increase in the fair value of funds held – directly managed exposed to credit spread risk, total invested assets and shareholders' equity, respectively. The impact of an immediate change in credit spreads on the fair value of investments and funds held – directly managed exposed to credit spread risk, the Company's total invested assets and shareholders' equity, in both absolute terms and as a percentage of total invested assets and shareholders' equity, has not changed significantly at December 31, 2010 compared to December 31, 2009.

Foreign Currency Risk

Through its multinational reinsurance operations, the Company conducts business in a variety of non-U.S. currencies, with the principal exposures being the euro, British pound, Canadian dollar, Swiss Franc and Singapore dollar. As the Company's reporting currency is the U.S. dollar, foreign exchange rate fluctuations may materially impact the Company's Consolidated Financial Statements.

The Company is generally able to match its liability funds against its net reinsurance liabilities both by currency and duration to protect the Company against foreign exchange and interest rate risks. However, a natural offset does not exist for all currencies. For the non-U.S. dollar currencies for which the Company deems the net asset or liability exposures to be material, the Company employs a hedging strategy utilizing foreign exchange forward contracts and other derivative financial instruments, as appropriate, to ensure that its liability

funds are matched by currency. The Company does not hedge currencies for which its asset or liability exposures are not material or where it is unable or impractical to do so. In such cases, the Company is exposed to foreign currency risk. However, the Company does not believe that the foreign currency risks corresponding to these unhedged positions are material.

For the Company's capital funds, including its net investment in foreign subsidiaries and branches, the Company does not typically employ hedging strategies. However, from time to time the Company does enter into net investment hedges to offset foreign exchange volatility (see Currency in Item 7 of Part II of this report).

The table below summarizes the Company's gross and net exposure in its Consolidated Balance Sheet at December 31, 2010 to foreign currency as well as the associated foreign currency derivatives the Company has entered into to manage this exposure (in millions of U.S. dollars):

	euro	GBP	CAD	CHF	SGD	Other	Total (1)
Total assets	$ 5,207	$ 1,208	$ 1,498	$ 62	$ 359	$ 456	$ 8,790
Total liabilities	(4,573)	(954)	(813)	(266)	(71)	(1,448)	(8,125)
Total gross foreign currency exposure	634	254	685	(204)	288	(992)	665
Total derivative amount	(216)	(234)	(183)	216	(39)	766	310
Net foreign currency exposure	$ 418	$ 20	$ 502	$ 12	$ 249	$ (226)	$ 975

(1) As the U.S. dollar is the Company's reporting currency, there is no currency risk attached to the U.S. dollar and it is excluded from this table. The U.S. dollar accounted for the difference between the Company's total foreign currency exposure in this table and the total assets and total liabilities in the Company's Consolidated Balance Sheet at December 31, 2010.

The above numbers include the Company's investment in PartnerRe Holdings Europe Limited, whose functional currency is the euro, and certain of its subsidiaries and branches, whose functional currencies are the euro or Canadian dollar.

Assuming all other variables remain constant and disregarding any tax effects, a change in the U.S. dollar of 10% or 20% relative to the other currencies held by the Company would result in a change in the Company's net assets of $98 million and $195 million, respectively, inclusive of the effect of foreign exchange forward contracts and other derivative financial instruments.

At December 31, 2009, the Company's net foreign currency exposure in its Consolidated Balance Sheet, after the effect of derivatives, was $1,697 million. The $722 million decrease in the Company's net foreign currency exposure compared to December 31, 2009 is primarily related to a decrease in euro exposure related to the restructuring of its European operating platform to integrate Paris Re.

Counterparty Credit Risk

The Company has exposure to credit risk primarily as a holder of fixed income securities. The Company controls this exposure by emphasizing investment grade credit quality in the fixed income securities it purchases. At December 31, 2010, approximately 50% of the Company's fixed income portfolio (including the funds held – directly managed account) was rated AAA (or equivalent rating), 83% was rated A- or better and 6% of the Company's fixed income portfolio was rated below investment grade. The Company believes this high quality concentration reduces its exposure to credit risk on fixed income investments to an acceptable level. At December 31, 2010, the Company is not exposed to any significant credit concentration risk on its investments, excluding securities issued by the U.S. and French governments which are rated AAA (see Investments–Trading Securities in Item 7 of Part II of this report), with the single largest corporate issuer and the top 10 corporate issuers accounting for less than 3% and 21% of the Company's total corporate fixed income securities (excluding

the funds held – directly managed account), respectively. Within the segregated investment portfolio underlying the funds held – directly managed account, the single largest corporate issuer and the top 10 corporate issuers accounted for less than 7% and 26% of total corporate fixed income securities underlying the funds held – directly managed account at December 31, 2010, respectively.

The Company keeps cash and cash equivalents in several banks and may keep up to $500 million, excluding custodial accounts, at any point in time in any one bank.

To a lesser extent, the Company also has credit risk exposure as a party to foreign exchange forward contracts and other derivative contracts. To mitigate this risk, the Company monitors its exposure by counterparty, aims to diversify its counterparty credit risk and ensures that counterparties to these contracts are high credit quality international banks or counterparties. These contracts are generally of short duration (approximately 90 days) and settle on a net basis, which means that the Company is exposed to the movement of one currency against the other, as opposed to the notional amount of the contracts. At December 31, 2010, the Company's absolute notional value of foreign exchange forward contracts and foreign currency option contracts, including the net investment hedge, was $2,073 million, while the net value of those contracts was an unrealized gain of $18 million.

The Company is also exposed to credit risk in its underwriting operations, most notably in the credit/surety line and for alternative risk products. Loss experience in these lines of business is cyclical and is affected by the general economic environment. The Company provides its clients in these lines of business with protection against credit deterioration, defaults or other types of financial non-performance of or by the underlying credits that are the subject of the protection provided and, accordingly, the Company is exposed to the credit risk of those credits. As with all of the Company's business, these risks are subject to rigorous underwriting and pricing standards. In addition, the Company strives to mitigate the risks associated with these credit-sensitive lines of business through the use of risk management techniques such as risk diversification, careful monitoring of risk aggregations and accumulations and, at times, through the use of retrocessional reinsurance protection and the purchase of credit default swaps and total return and interest rate swaps. The Company purchased protection related to its investment portfolio and credit/surety line primarily in the form of credit default swaps with a notional value of $114 million and an unrealized loss of $2 million at December 31, 2010.

The Company is subject to the credit risk of its cedants in the event of their insolvency or their failure to honor the value of the funds held balances due to the Company for any other reason. However, the Company's credit risk in some jurisdictions is mitigated by a mandatory right of offset of amounts payable by the Company to a cedant against amounts due to the Company. In certain other jurisdictions the Company is able to mitigate this risk, depending on the nature of the funds held arrangements, to the extent that the Company has the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by the Company to cedants for losses payable and other amounts contractually due. Funds held balances for which the Company receives an investment return based upon either the results of a pool of assets held by the cedant or the investment return earned by the cedant on its investment portfolio are exposed to an additional layer of credit risk. The Company is also exposed to some extent to the underlying financial market risk of the pool of assets, inasmuch as the underlying policies may have guaranteed minimum returns.

The funds held – directly managed account due to the Company is related to one cedant, Colisée Re, whereby Paris Re and its subsidiaries entered into the Issuance Agreement and Quota Share Retrocession Agreement to assume business written by Colisée Re (see Summary of certain agreements between AXA SA, Colisée Re, and Paris Re in Item 1 of Part I of this report). The agreement provided that the premiums related to the transferred business were retained by Colisée Re and credited to a funds held account. On February 1, 2011, PartnerRe Europe (formerly Paris Re France prior to the aforementioned cross border merger with PartnerRe Europe), entered into an Endorsement to Quota Share Retrocession Agreement (the Endorsement) with Colisée Re. The Endorsement amends certain terms of the Quota Share Retrocession Agreement and sets out the basis on

which the parties have agreed that certain assets currently forming part of the funds held – directly managed account will be released to PartnerRe Europe. At December 31, 2010, the funds held – directly managed account due from Colisée Re was $1.8 billion, including $1.7 billion in a segregated investment portfolio. Pursuant to the Endorsement, assets forming part of the funds held – directly managed account at December 2010 of approximately $0.3 billion were released to PartnerRe Europe in February 2011. The investments underlying the funds held – directly managed account are maintained in a segregated investment portfolio by Colisée Re and managed by the Company. The Company is subject to the credit risk of this cedant in the event of insolvency or Colisée Re's failure to honor the value of the funds held balances for any other reason. However, the Company's credit risk is somewhat mitigated by the fact that the Company generally has the right to offset any shortfall in the payment of the funds held balances with amounts owed by the Company to the cedant for losses payable and other amounts contractually due. See also Risk Factors in Item 1A of Part I of this report for additional discussion of the Company's exposure if Colisée Re, or its affiliates, breach or do not satisfy their obligations.

In addition to exposure to Colisée Re, the Company is also subject to the credit risk of AXA or its affiliates in the event of their insolvency or their failure to honor their obligations under the 2006 Acquisition Agreements (see Summary of certain agreements between AXA SA, Colisée Re and Paris Re in Item 1 of Part I of this report).

The Company has exposure to credit risk as it relates to its business written through brokers if any of the Company's brokers is unable to fulfill their contractual obligations with respect to payments to the Company. In addition, in some jurisdictions, if the broker fails to make payments to the insured under the Company's policy, the Company might remain liable to the insured for the deficiency. The Company's exposure to such credit risk is somewhat mitigated in certain jurisdictions by contractual terms. See Risk Factors in Item 1A of Part I of this report for detailed information on two brokers that accounted for approximately 46% of the Company's gross premiums written for the year ended December 31, 2010.

The Company has exposure to credit risk as it relates to its reinsurance balances receivable and reinsurance recoverable on paid and unpaid losses. Reinsurance balances receivable from the Company's clients at December 31, 2010 were $2,077 million, including balances both currently due and accrued. The Company believes that credit risk related to these balances is mitigated by several factors, including but not limited to, credit checks performed as part of the underwriting process and monitoring of aged receivable balances. In addition, as the vast majority of its reinsurance agreements permit the Company the right to offset reinsurance balances receivable from clients against losses payable to them, the Company believes that the credit risk in this area is substantially reduced. Provisions are made for amounts considered potentially uncollectible and the allowance for uncollectible reinsurance balances receivable was $13 million at December 31, 2010.

The Company purchases retrocessional reinsurance and requires its reinsurers to have adequate financial strength. The Company evaluates the financial condition of its reinsurers and monitors its concentration of credit risk on an ongoing basis. Provisions are made for amounts considered potentially uncollectible. The balance of reinsurance recoverable on paid and unpaid losses was $363 million, which is net of the allowance provided for uncollectible reinsurance recoverables of $7 million at December 31, 2010. At December 31, 2010, 77% of the Company's reinsurance recoverable on paid and unpaid losses were either due from reinsurers with an A- or better rating from Standard and Poor's or from reinsurers with collateralized balances. See Financial Condition, Liquidity and Capital Resources—Reinsurance Recoverable on Paid and Unpaid Losses above for details of the Company's reinsurance recoverable on paid and unpaid losses categorized by the reinsurer's Standard & Poor's rating.

The concentrations of the Company's counterparty credit risk exposures have not changed materially compared to December 31, 2009.

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Equity Price Risk

The Company invests a portion of its capital funds in marketable equity securities (fair market value of $1,031 million, excluding funds holding fixed income securities of $41 million) at December 31, 2010. These equity investments are exposed to equity price risk, defined as the potential for loss in market value due to a decline in equity prices. The Company believes that the effects of diversification and the relatively small size of its investments in equities relative to total invested assets mitigate its exposure to equity price risk. The Company estimates that its equity investment portfolio has a beta versus the S&P 500 Index of approximately 1.11 on average. Portfolio beta measures the response of a portfolio's performance relative to a market return, where a beta of 1 would be an equivalent return to the index. Given the estimated beta for the Company's equity portfolio, a 10% and 20% movement in the S&P 500 Index would result in a change in the fair value of the Company's equity portfolio, total invested assets and shareholders' equity as follows:

	20% decrease	% change	10% decrease	% change	December 31, 2010	10% increase	% change	20% increase	% change
Equities [(1)]	$ 803	(22)%	$ 917	(11)%	$ 1,031	$ 1,145	11%	$ 1,259	22%
Total invested assets [(2)]	18,075	(1)	18,189	(1)	18,303	18,417	1	18,531	1
Shareholders' equity	6,979	(3)	7,093	(2)	7,207	7,321	2	7,435	3

(1) *Excludes funds holding fixed income securities of $41 million.*

(2) *Includes total investments, cash and cash equivalents, the investment portfolio underlying the funds held – directly managed account and accrued interest.*

This change does not take into account any potential mitigating impact from the fixed income securities or taxes.

At December 31, 2009, the Company estimated that a 10% decrease in the S&P 500 Index would result in an approximate 10%, or $79 million, decrease in the fair value of the Company's equity portfolio, or less than l% and a 1% decrease in the total invested assets and shareholders' equity, respectively. The percentage impact of a decrease in equity markets on the Company's equity portfolio, total invested assets and shareholders' equity, has not changed significantly at December 31, 2010 compared to December 31, 2009. The absolute impact of a decrease in equity markets on the Company's equity portfolio, total invested assets and shareholders' equity has increased to $114 million at December 31, 2010 compared to $79 million at December 31, 2009, as a result of the increase in the equity portfolio, excluding funds holding fixed income securities, from $761 million at December 31, 2009 to $1,031 million at December 31, 2010.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

PartnerRe Ltd.

Consolidated Balance Sheets
(Expressed in thousands of U.S. dollars, except parenthetical share and per share data)

	December 31, 2010	December 31, 2009
Assets		
Investments:		
Fixed maturities, trading securities, at fair value (amortized cost: 2010, $12,394,797; 2009, $13,856,840)	**$ 12,824,389**	$ 14,143,093
Short-term investments, trading securities, at fair value (amortized cost: 2010, $49,132; 2009, $134,830)	**49,397**	137,346
Equities, trading securities, at fair value (cost: 2010, $942,745; 2009, $731,387)	**1,071,676**	795,539
Other invested assets	**352,405**	225,532
Total investments	**14,297,867**	15,301,510
Funds held – directly managed (cost: 2010, $1,751,276; 2009, $2,126,456)	**1,772,118**	2,124,826
Cash and cash equivalents, at fair value, which approximates amortized cost	**2,111,084**	738,309
Accrued investment income	**201,928**	218,739
Reinsurance balances receivable	**2,076,884**	2,249,181
Reinsurance recoverable on paid and unpaid losses	**382,878**	367,453
Funds held by reinsured companies	**937,032**	938,039
Deferred acquisition costs	**595,557**	614,857
Deposit assets	**256,702**	313,798
Net tax assets	**14,960**	79,044
Goodwill	**455,533**	455,533
Intangible assets	**178,715**	247,269
Other assets	**83,113**	83,986
Total assets	**$ 23,364,371**	$ 23,732,544
Liabilities		
Unpaid losses and loss expenses	**$ 10,666,604**	$ 10,811,483
Policy benefits for life and annuity contracts	**1,750,410**	1,615,193
Unearned premiums	**1,599,139**	1,706,816
Other reinsurance balances payable	**491,194**	426,091
Deposit liabilities	**268,239**	330,015
Net tax liabilities	**316,325**	444,789
Accounts payable, accrued expenses and other	**244,552**	231,441
Current portion of long-term debt	—	200,000
Debt related to senior notes	**750,000**	250,000
Debt related to capital efficient notes	**70,989**	70,989
Total liabilities	**16,157,452**	16,086,817
Shareholders' Equity		
Common shares (par value $1.00, issued: 2010, 84,033,089 shares; 2009, 82,585,707 shares)	**84,033**	82,586
Series C cumulative preferred shares (par value $1.00, issued and outstanding: 2010 and 2009, 11,600,000 shares; aggregate liquidation value: 2010 and 2009, $290,000)	**11,600**	11,600
Series D cumulative preferred shares (par value $1.00, issued and outstanding: 2010 and 2009, 9,200,000 shares; aggregate liquidation value: 2010 and 2009, $230,000)	**9,200**	9,200
Additional paid-in capital	**3,419,864**	3,357,004
Accumulated other comprehensive income:		
Currency translation adjustment	**16,101**	82,843
Other accumulated comprehensive (loss) income (net of tax of: 2010, $4,872; 2009, $3,144)	**(12,045)**	2,084
Retained earnings	**4,761,178**	4,100,782
Common shares held in treasury, at cost (2010, 14,046,895 shares; 2009, 5,000 shares)	**(1,083,012)**	(372)
Total shareholders' equity	**7,206,919**	7,645,727
Total liabilities and shareholders' equity	**$ 23,364,371**	$ 23,732,544

See accompanying Notes to Consolidated Financial Statements.

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PartnerRe Ltd.

Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in thousands of U.S. dollars, except share and per share data)

	For the year ended December 31, 2010	For the year ended December 31, 2009	For the year ended December 31, 2008
Revenues			
Gross premiums written	**$ 4,885,266**	$ 4,000,888	$ 4,028,248
Net premiums written	**$ 4,705,116**	$ 3,948,704	$ 3,989,435
Decrease (increase) in unearned premiums	**71,355**	171,121	(61,411)
Net premiums earned	**4,776,471**	4,119,825	3,928,024
Net investment income	**672,782**	596,071	572,964
Net realized and unrealized investment gains (losses)	**401,482**	591,707	(531,360)
Net realized gain on purchase of capital efficient notes	**—**	88,427	—
Other income	**10,470**	22,312	10,335
Total revenues	**5,861,205**	5,418,342	3,979,963
Expenses			
Losses and loss expenses and life policy benefits	**3,283,618**	2,295,296	2,609,220
Acquisition costs	**972,537**	885,214	898,882
Other operating expenses	**539,751**	430,808	365,009
Interest expense	**44,413**	28,301	51,228
Amortization of intangible assets	**31,461**	(6,133)	—
Net foreign exchange losses (gains)	**20,686**	1,464	(6,221)
Total expenses	**4,892,466**	3,634,950	3,918,118
Income before taxes and interest in earnings (losses) of equity investments	**968,739**	1,783,392	61,845
Income tax expense	**128,784**	262,090	9,705
Interest in earnings (losses) of equity investments	**12,597**	15,552	(5,573)
Net income	**852,552**	1,536,854	46,567
Preferred dividends	**34,525**	34,525	34,525
Net income available to common shareholders	**$ 818,027**	$ 1,502,329	$ 12,042
Comprehensive income (loss)			
Net income	**$ 852,552**	$ 1,536,854	$ 46,567
Change in currency translation adjustment	**(66,742)**	47,955	(162,889)
Change in other accumulated comprehensive (loss) income, net of tax	**(14,129)**	14,164	2,408
Comprehensive income (loss)	**$ 771,681**	$ 1,598,973	$ (113,914)
Per share data			
Net income per common share:			
Basic net income	**$ 10.65**	$ 23.93	$ 0.22
Diluted net income	**$ 10.46**	$ 23.51	$ 0.22
Weighted average number of common shares outstanding	**76,839,519**	62,786,234	54,347,052
Weighted average number of common shares and common share equivalents outstanding	**78,234,312**	63,890,638	55,639,600
Dividends declared per common share	**$ 2.05**	$ 1.88	$ 1.84

See accompanying Notes to Consolidated Financial Statements.

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PartnerRe Ltd.

Consolidated Statements of Shareholders' Equity
(Expressed in thousands of U.S. dollars)

	For the year ended December 31, 2010	For the year ended December 31, 2009	For the year ended December 31, 2008
Common shares			
Balance at beginning of year	**$ 82,586**	$ 57,749	$ 57,380
Issuance of common shares, other	**1,447**	476	369
Issuance of common shares related to the acquisition of Paris Re	**—**	24,361	—
Balance at end of year	**84,033**	82,586	57,749
Preferred shares			
Balance at beginning and end of year	**20,800**	20,800	20,800
Additional paid-in capital			
Balance at beginning of year	**3,357,004**	1,465,688	1,441,598
Issuance of common shares, other	**62,860**	33,261	24,090
Issuance of common shares related to the acquisition of Paris Re	**—**	1,858,055	—
Balance at end of year	**3,419,864**	3,357,004	1,465,688
Accumulated other comprehensive income			
Balance at beginning of year	**84,927**	22,808	289,250
Change in currency translation adjustment	**(66,742)**	47,955	(162,889)
Change in other accumulated comprehensive (loss) income, net of tax	**(14,129)**	14,164	2,408
Impact of adopting fair value option for certain investments, net of tax	**—**	—	(105,961)
Balance at end of year	**4,056**	84,927	22,808
Retained earnings			
Balance at beginning of year	**4,100,782**	2,729,662	2,753,784
Net income	**852,552**	1,536,854	46,567
Dividends on common shares	**(157,631)**	(117,326)	(100,102)
Dividends on preferred shares	**(34,525)**	(34,525)	(34,525)
Reissuance of treasury shares related to the acquisition of Paris Re	**—**	(13,883)	—
Reissuance of treasury shares, other	**—**	—	(42,023)
Impact of adopting fair value option for certain investments, net of tax	**—**	—	105,961
Balance at end of year	**4,761,178**	4,100,782	2,729,662
Common shares held in treasury			
Balance at beginning of year	**(372)**	(97,599)	(241,255)
Repurchase of common shares	**(1,082,640)**	—	(110,017)
Reissuance of treasury shares related to the acquisition of Paris Re	**—**	97,227	—
Reissuance of treasury shares, other	**—**	—	253,673
Balance at end of year	**(1,083,012)**	(372)	(97,599)
Total shareholders' equity	**$ 7,206,919**	$ 7,645,727	$ 4,199,108

See accompanying Notes to Consolidated Financial Statements.

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PartnerRe Ltd.

Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)

	For the year ended December 31, 2010	For the year ended December 31, 2009	For the year ended December 31, 2008
Cash flows from operating activities			
Net income	**$ 852,552**	$ 1,536,854	$ 46,567
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of net premium on investments	**78,620**	17,312	7,923
Amortization of intangible assets	**31,461**	(6,133)	—
Net realized and unrealized investment (gains) losses	**(401,482)**	(591,707)	531,360
Net realized gain on purchase of capital efficient notes	—	(88,427)	—
Changes in:			
Reinsurance balances, net	**217,066**	170,986	(284,771)
Reinsurance recoverable on paid and unpaid losses, net of ceded premiums payable	**(30,033)**	(20,836)	2,708
Funds held by reinsured companies and funds held – directly managed	**296,174**	54,416	155,427
Deferred acquisition costs	**35,317**	67,899	(20,289)
Net tax assets and liabilities	**(56,599)**	208,052	(22,680)
Unpaid losses and loss expenses and life policy benefits	**227,240**	(112,108)	651,021
Unearned premiums	**(71,355)**	(171,121)	61,411
Other net changes in operating assets and liabilities	**47,959**	33,414	30,321
Net cash provided by operating activities	**1,226,920**	1,098,601	1,158,998
Cash flows from investing activities			
Sales of fixed maturities	**8,621,227**	7,271,909	6,045,475
Redemptions of fixed maturities	**1,272,885**	1,065,353	844,948
Purchases of fixed maturities	**(8,572,471)**	(9,039,313)	(8,093,855)
Sales and redemptions of short-term investments	**270,087**	201,479	193,989
Purchases of short-term investments	**(141,157)**	(182,211)	(212,189)
Sales of equities	**607,459**	688,360	1,677,671
Purchases of equities	**(769,557)**	(826,246)	(1,338,682)
Cash acquired related to the acquisition of Paris Re [(1)]	—	492,466	—
Other, net	**(185,965)**	(118,473)	(61,451)
Net cash provided by (used in) investing activities	**1,102,508**	(446,676)	(944,094)
Cash flows from financing activities			
Cash dividends paid to shareholders	**(192,156)**	(151,851)	(134,627)
Proceeds from issuance of senior notes	**500,000**	—	250,000
Repurchase of common shares	**(1,065,121)**	—	(110,017)
Issuance of common shares and treasury shares	**37,682**	16,034	222,736
Contract fees on forward sale agreement	**(2,638)**	(5,070)	(10,006)
Repayment of debt	**(200,000)**	(200,000)	(220,000)
Share capital repayment paid to former shareholders of Paris Re	—	(330,103)	—
Purchase of capital efficient notes	—	(94,241)	—
Net cash used in financing activities	**(922,233)**	(765,231)	(1,914)
Effect of foreign exchange rate changes on cash	**(34,420)**	13,335	(29,605)
Increase (decrease) in cash and cash equivalents	**1,372,775**	(99,971)	183,385
Cash and cash equivalents—beginning of year	**738,309**	838,280	654,895
Cash and cash equivalents—end of year	**$ 2,111,084**	$ 738,309	$ 838,280
Supplemental cash flow information:			
Taxes paid	**$ 199,838**	$ 118,174	$ 36,007
Interest paid	**$ 42,995**	$ 32,476	$ 51,190

(1) The acquisition of Paris Re's assets and liabilities involved non-cash share for share transactions, which have been excluded from the Consolidated Statements of Cash Flows.

See accompanying Notes to Consolidated Financial Statements.

PartnerRe Ltd.

Notes to Consolidated Financial Statements

1. Organization

PartnerRe Ltd. (the Company) provides reinsurance on a worldwide basis through its principal wholly-owned subsidiaries, including Partner Reinsurance Company Ltd. (PartnerRe Bermuda), Partner Reinsurance Europe Limited (PartnerRe Europe) and Partner Reinsurance Company of the U.S. (PartnerRe U.S). Risks reinsured include, but are not limited to, property, casualty, motor, agriculture, aviation/space, catastrophe, credit/surety, engineering, energy, marine, specialty property, specialty casualty, multiline and other lines, mortality, longevity and health and alternative risk products. The Company's alternative risk products include weather and credit protection to financial, industrial and service companies on a worldwide basis.

The Company was incorporated in August 1993 under the laws of Bermuda. The Company commenced operations in November 1993 upon completion of the sale of common shares and warrants pursuant to subscription agreements and an initial public offering.

In July 1997, the Company completed the acquisition of SAFR (subsequently renamed PartnerRe SA), and in December 1998, the Company completed the acquisition of the reinsurance operations of Winterthur Group (Winterthur Re).

Effective October 2, 2009, the Company obtained a controlling interest in PARIS RE Holdings Limited (Paris Re), a French-listed, Swiss-based holding company and its operating subsidiaries. Subsequent to October 2, 2009, the Company acquired additional common shares of Paris Re and effected a statutory merger (Merger), resulting in the Company obtaining 100% ownership of Paris Re on December 7, 2009. The Consolidated Statements of Operations and Cash Flows include the results of Paris Re for the period from October 2, 2009, the date of acquisition of the controlling interest (Acquisition Date) (see Note 7).

2. Significant Accounting Policies

The Company's Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The Consolidated Financial Statements include the accounts of the Company and its subsidiaries. Intercompany accounts and transactions have been eliminated. To facilitate comparison of information across periods, certain reclassifications have been made to prior year amounts to conform to the current year's presentation.

The preparation of financial statements in conformity with U.S. GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While Management believes that the amounts included in the Consolidated Financial Statements reflect its best estimates and assumptions, actual results could differ from those estimates. The Company's principal estimates include:

- Unpaid losses and loss expenses;
- Policy benefits for life and annuity contracts;
- Gross and net premiums written and net premiums earned;
- Recoverability of deferred acquisition costs;
- Recoverability of deferred tax assets;
- Valuation of goodwill and intangible assets; and
- Valuation of certain assets and derivative financial instruments that are measured using significant unobservable inputs.

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

The following are the Company's significant accounting policies:

(a) Premiums

Gross premiums written and earned are based upon reports received from ceding companies, supplemented by the Company's own estimates of premiums written and earned for which ceding company reports have not been received. Differences between such estimates and actual amounts are recorded in the period in which the estimates are changed or the actual amounts are determined. Net premiums written and earned are presented net of ceded premiums, which represent the cost of retrocessional protection purchased by the Company. Premiums are earned on a basis that is consistent with the risks covered under the terms of the reinsurance contracts, which is generally one to two years. For U.S. and European wind and certain other risks, premiums are earned commensurate with the seasonality of the underlying exposure. Unearned premiums represent the portion of premiums written which is applicable to the unexpired risks under contracts in force. Premiums related to individual life and annuity business are recorded over the premium-paying period on the underlying policies. Premiums on annuity and universal life contracts for which there is no significant mortality or critical illness risk are accounted for in a manner consistent with accounting for interest-bearing financial instruments and are not reported as revenues, but rather as direct deposits to the contract. Amounts assessed against annuity and universal life policyholders are recognized as revenue in the period assessed.

(b) Losses and Loss Expenses and Life Policy Benefits

The liability for unpaid losses and loss expenses includes amounts determined from loss reports on individual treaties (case reserves), additional case reserves when the Company's loss estimate is higher than reported by the cedants (ACRs) and amounts for losses incurred but not yet reported to the Company (IBNR). Such reserves are estimated by Management based upon reports received from ceding companies, supplemented by the Company's own actuarial estimates of reserves for which ceding company reports have not been received, and based on the Company's own historical experience. To the extent that the Company's own historical experience is inadequate for estimating reserves, such estimates may be determined based upon industry experience and Management's judgment. The estimates are continually reviewed and the ultimate liability may be in excess of, or less than, the amounts provided. Any adjustments are reflected in the periods in which they are determined, which may affect the Company's operating results in future periods.

The liabilities for policy benefits for ordinary life and accident and health policies have been established based upon information reported by ceding companies, supplemented by the Company's actuarial estimates of mortality, critical illness, persistency and future investment income, with appropriate provision to reflect uncertainty. Future policy benefit reserves for annuity and universal life contracts are carried at their accumulated values. Reserves for policy claims and benefits include both mortality and critical illness claims in the process of settlement, and claims that have been incurred but not yet reported.

The Company purchases retrocessional contracts to reduce its exposure to risk of losses on reinsurance assumed. Reinsurance recoverable on paid and unpaid losses involves actuarial estimates consistent with those used to establish the associated liabilities for unpaid losses and loss expenses and life policy benefits.

(c) Deferred Acquisition Costs

Acquisition costs, primarily brokerage fees, commissions and excise taxes, which vary directly with, and are related to, the acquisition of reinsurance contracts, are capitalized and charged to expense as the related premium is earned. Anticipated losses and loss expenses, other costs and investment income related to these premiums are considered in determining the recoverability of deferred acquisition costs. Acquisition costs related to individual

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

life and annuity contracts are deferred and amortized over the premium-paying periods in proportion to anticipated premium income, allowing for lapses, terminations and anticipated investment income. Acquisition costs related to universal life and single premium annuity contracts for which there is no significant mortality or critical illness risk are deferred and amortized over the lives of the contracts as a percentage of the estimated gross profits expected to be realized on the contracts.

(d) Funds Held by Reinsured Companies (Cedants)

The Company writes certain business on a funds held basis. Under such contractual arrangements, the cedant retains the premiums that would have otherwise been paid to the Company and the Company earns interest on these funds. With the exception of those arrangements discussed below, the Company generally earns investment income on the funds held balances based upon a predetermined interest rate, either fixed contractually at the inception of the contract or based upon a recognized index (e.g., LIBOR).

In certain circumstances, the Company may receive an investment return based upon either the result of a pool of assets held by the cedant, generally used to collateralize the funds held balance, or the investment return earned by the cedant on its entire investment portfolio. This is most common in the Company's life reinsurance business. In these arrangements, gross investment returns are typically reflected in net investment income with a corresponding increase or decrease (net of a spread) being recorded as life policy benefits in the Company's Consolidated Statements of Operations. In these arrangements, the Company is exposed, to a limited extent, to the underlying credit risk of the pool of assets inasmuch as the underlying life policies may have guaranteed minimum returns. In such cases, an embedded derivative exists and its fair value is recorded by the Company as an increase or decrease to the funds held balance.

(e) Funds Held - Directly Managed

The Company elected the fair value option as of the Acquisition Date for substantially all of the fixed maturities, short-term investments and certain other invested assets in the segregated investment portfolio underlying the funds held – directly managed account, and accordingly, all changes in the fair value of the segregated investment portfolio underlying the funds held – directly managed account subsequent to the Acquisition Date are recorded in net realized and unrealized investment gains and losses in the Consolidated Statements of Operations.

(f) Deposit Assets and Liabilities

In the normal course of its operations, the Company enters into certain contracts that do not meet the risk transfer provisions of U.S. GAAP. While these contracts do not meet risk transfer provisions for accounting purposes, there is a remote possibility that the Company will suffer a loss. The Company accounts for these contracts using the deposit accounting method, originally recording deposit liabilities for an amount equivalent to the consideration received. The consideration to be retained by the Company, irrespective of the experience of the contracts, is earned over the expected settlement period of the contracts, with any unearned portion recorded as a component of deposit liabilities. Actuarial studies are used to estimate the final liabilities under these contracts and the appropriate accretion rates to increase or decrease the liabilities over the term of the contracts. The change for the period is recorded in other income or loss in the Consolidated Statements of Operations.

Under some of these contracts, cedants retain the assets on a funds-held basis. In those cases, the Company records those assets as deposit assets and records the related income in net investment income in the Consolidated Statements of Operations.

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

(g) Investments

Effective January 1, 2008, the Company elected the fair value option for all of its fixed maturities, short-term investments, equities and certain other invested assets (excluding those that are accounted for using the cost or equity methods of accounting or investment company accounting). The Company defines fair value as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures the fair value of financial instruments according to a fair value hierarchy that prioritizes the information used to measure fair value into three broad levels. Following the election of the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in earnings. See Note 3 for additional information on fair value.

The election of the fair value option resulted in a cumulative effect adjustment of $106.0 million, net of taxes, which decreased accumulated other comprehensive income and increased opening retained earnings as of January 1, 2008. There was no impact on the Company's consolidated net income, shareholders' equity or its comprehensive income.

The Company elected the fair value option as of the Acquisition Date for all of Paris Re's fixed maturities and short-term investments and certain other invested assets.

Short-term investments comprise securities with a maturity greater than three months but less than one year from the date of purchase.

Other invested assets consist primarily of investments in non-publicly traded companies, private placement equity and fixed maturity investments, derivative financial instruments and other specialty asset classes. Entities in which the Company has an ownership of more than 20% and less than 50% of the voting shares, and limited partnerships in which the Company has more than a minor interest, are accounted for using the equity method. Other invested assets are recorded based on valuation techniques depending on the nature of the individual assets. The valuation techniques used by the Company are generally commensurate with standard valuation techniques for each asset class.

Net investment income includes interest and dividend income, amortization of premiums and discounts on fixed maturities and short-term investments and investment income on funds held and funds held – directly managed, and is net of investment expenses and withholding taxes. Investment income is recognized when earned. Realized gains and losses on the disposal of investments are determined on a first-in, first-out basis. Investment purchases and sales are recorded on a trade-date basis.

(h) Cash and Cash Equivalents

Cash equivalents are carried at fair value and include debt securities that, at purchase, have a maturity of three months or less.

(i) Business Combinations

The FASB issued new accounting guidance related to business combinations and noncontrolling interests acquired after December 15, 2008. In April 2009, the FASB issued additional guidance related to accounting for assets acquired and liabilities assumed in a business combination that arise from contingencies. The Company adopted this guidance following the Company obtaining control of Paris Re on the Acquisition Date. The transaction was accounted for as an acquisition method business combination with the purchase price allocated to identifiable assets and liabilities, including certain intangible assets, based on their estimated fair value at the

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

Acquisition Date. The fair value of noncontrolling interests was also recorded at fair value at the Acquisition Date. The estimates of fair values for assets and liabilities assumed were determined by management based on various market and income analyses and appraisals. All costs associated with the acquisition were expensed as incurred.

(j) Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired of PartnerRe SA, Winterthur Re and Paris Re. The Company assesses the appropriateness of its valuation of goodwill on at least an annual basis. If, as a result of the assessment, the Company determines that the value of its goodwill is impaired, goodwill will be written down in the period in which the determination is made.

(k) Intangible Assets

Intangible assets represent the fair value adjustments related to unpaid losses and loss expenses and unearned premiums, as well as the fair values of renewal rights and U.S. licenses all arising from the acquisition of Paris Re. Definite-lived intangible assets are amortized over their useful lives, generally ranging from two to eleven years. The Company recognizes the amortization of all intangible assets in the Consolidated Statement of Operations. Indefinite-lived intangible assets are not subject to amortization. The carrying values of intangible assets are regularly reviewed for indicators of impairment. Impairment is recognized if the carrying value of the intangible assets is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying value and the fair value.

(l) Income Taxes

Certain subsidiaries and branches of the Company operate in jurisdictions where they are subject to taxation. Current and deferred income taxes are charged or credited to net income, or, in certain cases, to accumulated other comprehensive income, based upon enacted tax laws and rates applicable in the relevant jurisdiction in the period in which the tax becomes accruable or realizable. Deferred income taxes are provided for all temporary differences between the bases of assets and liabilities used in the Consolidated Balance Sheets and those used in the various jurisdictional tax returns. When Management's assessment indicates that it is more likely than not that deferred income tax assets will not be realized, a valuation allowance is recorded against the deferred tax assets. The Company recognizes a tax benefit relating to uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. A liability must be recognized for any tax benefit (along with any interest and penalty, if applicable) claimed in a tax return in excess of the amount allowed to be recognized in the financial statements under U.S. GAAP.

(m) Translation of Foreign Currencies

The reporting currency of the Company is the U.S. dollar. The national currencies of the Company's subsidiaries and branches are generally their functional currencies, except for the Company's Bermuda subsidiaries and its Swiss subsidiaries and branch, whose functional currencies are the U.S. dollar. In translating the financial statements of those subsidiaries or branches whose functional currency is other than the U.S. dollar, assets and liabilities are converted into U.S. dollars using the rates of exchange in effect at the balance sheet dates, and revenues and expenses are converted using the average foreign exchange rates for the period. The effect of translation adjustments are reported in the Consolidated Balance Sheets as currency translation adjustment, a separate component of accumulated other comprehensive income.

In recording foreign currency transactions, revenue and expense items are converted into the functional currency at the average rates of exchange for the period. Assets and liabilities originating in currencies other than the functional currency are translated into the functional currency at the rates of exchange in effect at the balance

sheet dates. The resulting foreign exchange gains or losses are included in net foreign exchange gains and losses in the Consolidated Statements of Operations. The Company also records realized and unrealized foreign exchange gains and losses on certain hedged items in net foreign exchange gains and losses in the Consolidated Statements of Operations (see Note 2(n)).

(n) Derivatives

Derivatives Used in Hedging Activities

The Company utilizes derivative financial instruments as part of its overall currency risk management strategy. The Company recognizes all derivative financial instruments, including embedded derivative instruments, as either assets or liabilities in the Consolidated Balance Sheets and measures those instruments at fair value. On the date the Company enters into a derivative contract, Management designates whether the derivative is to be used as a hedge of an identified underlying exposure (a designated hedge). The accounting for gains and losses associated with changes in the fair value of a derivative and the effect on the Consolidated Financial Statements depends on its hedge designation and whether the hedge is highly effective in achieving offsetting changes in the fair value of the asset or liability being hedged.

The derivatives employed by the Company to hedge currency exposure related to fixed income securities and derivatives employed by the Company to hedge currency exposure related to other reinsurance assets and liabilities, except for any hedges of the Company's net investment in non-U.S. dollar functional currency subsidiaries and branches, are not designated as hedges. The changes in fair value of the non-designated hedges are recognized in net foreign exchange gains and losses in the Consolidated Statements of Operations.

As part of its overall strategy to manage its level of currency exposure, from time to time the Company uses forward foreign exchange derivatives to hedge or partially hedge the net investment in certain non-U.S. dollar functional currency subsidiaries and branches. The Company also uses from time to time interest rate derivatives to mitigate exposure to interest rate volatility. These derivatives have been designated as net investment hedges, and accordingly, the changes in fair value of the derivative and the hedged item related to foreign currency are recognized in currency translation adjustment in the Consolidated Balance Sheets.

The Company formally documents all relationships between designated hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. In this documentation, the Company specifically identifies the asset or liability that has been designated as a hedged item and states how the hedging instrument is expected to hedge the risks related to the hedged item. The Company formally measures effectiveness of its designated hedging relationships, both at the hedge inception and on an ongoing basis. The Company assesses the effectiveness of its designated hedges using the period-to-period dollar offset method on an individual currency basis. If the ratio obtained with this method is within the range of 80% to 125%, the Company considers the hedge effective. The time value component of the designated net investment hedges is included in the assessment of hedge effectiveness.

The Company will discontinue hedge accounting prospectively if it is determined that the derivative is no longer effective in offsetting changes in the fair value of a hedged item. To the extent that the Company discontinues hedge accounting related to its net investment in non-U.S. dollar functional currency of subsidiaries and branches, because, based on Management's assessment, the derivative no longer qualifies as an effective hedge, the derivative will continue to be carried in the Consolidated Balance Sheets at its fair value, with changes in its fair value recognized in net foreign exchange gains and losses.

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

Other Derivatives

The Company's investment strategy allows for the use of derivative instruments, subject to strict limitations. The Company utilizes various derivative instruments such as foreign exchange forward contracts, foreign currency option contracts, futures contracts and credit default swaps, for the purpose of managing overall currency risk, market exposures and portfolio duration and hedging certain investments, or enhancing investment performance that would be allowed under the Company's investment policy if implemented in other ways. These instruments are recorded at fair value as assets and liabilities in the Consolidated Balance Sheets. Changes in fair value are included in net realized and unrealized investment gains and losses in the Consolidated Statements of Operations and changes in the fair value of foreign currency option contracts and foreign exchange forward contracts are included in net foreign exchange gains and losses in the Consolidated Statements of Operations. Margin balances required by counterparties, which are equal to a percentage of the total value of open futures contracts, are included in cash and cash equivalents.

The Company has entered into weather and longevity related transactions that are structured as derivatives, which are recorded at fair value with the changes in fair value reported in net realized and unrealized investment gains and losses in the Consolidated Statements of Operations.

The Company has entered into total return and interest rate swaps. Margins related to these swaps are included in other income or loss in the Consolidated Statements of Operations and any changes in the fair value of the swaps are included in net realized and unrealized investment gains and losses in the Consolidated Statements of Operations.

(o) Treasury Shares

Common shares repurchased by the Company and not cancelled are classified as treasury shares, and are recorded at cost. This results in a reduction of shareholders' equity in the Consolidated Balance Sheets. When shares are reissued from treasury, the Company uses the average cost method to determine the cost of the reissued shares. Gains on sales of treasury shares are credited to additional paid-in capital, while losses are charged to additional paid-in capital to the extent that previous net gains from sales of treasury shares are included therein, otherwise losses are charged to retained earnings.

(p) Net Income per Common Share

Diluted net income per common share is defined as net income available to common shareholders divided by the weighted average number of common shares and common share equivalents outstanding, calculated using the treasury stock method for all potentially dilutive securities. Net income available to common shareholders is defined as net income less preferred share dividends. When the effect of dilutive securities would be anti-dilutive, these securities are excluded from the calculation of diluted net income per share. Basic net income per share is defined as net income available to common shareholders divided by the weighted average number of common shares outstanding for the period, giving no effect to dilutive securities.

(r) Share-Based Compensation

The Company currently uses five types of share-based compensation: share options, restricted shares (RS), restricted share units (RSUs), share-settled share appreciation rights (SSARs) and shares issued under the Company's employee share purchase plans.

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Notes to Consolidated Financial Statements—(Continued)

The majority of the Company's share-based compensation awards qualify for equity classification. The fair value of the compensation cost is measured at the grant date and is expensed over the period for which the employee is required to provide services in exchange for the award. Forfeiture benefits are estimated at the time of grant and incorporated in the determination of share-based compensation costs. Awards granted to employees who are eligible for retirement and do not have to provide additional services are expensed at the date of grant.

Those share-based compensation awards that do not meet the equity classification criteria, are classified as liability awards. Liability-classified awards are recorded at fair value in the Accounts payable, accrued expenses and other in the Consolidated Balance Sheets with changes in fair value relating to the vested portion of the award recorded in the Consolidated Statements of Operations.

(s) Pensions

The Company recognizes an asset or a liability in the Consolidated Balance Sheets for the funded status of its defined benefit plans that are overfunded or underfunded, respectively, measured as the difference between the fair value of plan assets and the pension obligation and recognizes changes in the funded status of defined benefit plans in the year in which the changes occur as a component of accumulated other comprehensive income, net of tax.

(t) Variable Interest Entities

The Company is involved in the normal course of business with variable interest entities (VIEs) as a passive investor in certain limited partnerships, fixed maturity investments and asset-backed securities, that are issued by third party VIEs. Prior to January 1, 2010, under then effective guidance, the Company performed a quantitative assessment upon initial involvement in a VIE to determine whether it was the primary beneficiary of, and required to consolidate, the VIE. Subsequent to January 1, 2010, in accordance with revised guidance, the Company performs a qualitative assessment at the date when it becomes initially involved in the VIE followed by ongoing reassessments related to its involvement in VIEs. The Company's maximum exposure to loss with respect to these investments is limited to the investment carrying amounts reported in the Company's Consolidated Balance Sheets and any unfunded commitments.

The Company also has three indirect wholly-owned subsidiaries, PartnerRe Finance A LLC, PartnerRe Finance B LLC and PartnerRe Finance II Inc., that are considered to be VIEs, which were utilized to issue the Company's Senior Notes and Capital Efficient Notes (CENts). The Company determined that it was not the primary beneficiary of any of these VIEs as of December 31, 2010. As a result, the Company has not consolidated PartnerRe Finance A LLC, PartnerRe Finance B LLC and PartnerRe Finance II Inc., and has reflected the debt issued by the Company related to the Senior Notes and CENts as liabilities in the Consolidated Balance Sheets (see Note 11). The interest on the debt related to the Senior Notes and CENts is reported as interest expense in the Consolidated Statements of Operations.

(u) Segment Reporting

The Company monitors the performance of its operations in three segments, Non-life, Life and Corporate and Other. The Non-life segment is further divided into four sub-segments: North America, Global (Non-U.S.) Property and Casualty (Global (Non-U.S.) P&C), Global (Non-U.S.) Specialty and Catastrophe.

Segments and sub-segments represent markets that are reasonably homogeneous in terms of geography, client types, buying patterns, underlying risk patterns or approach to risk management.

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Notes to Consolidated Financial Statements—(Continued)

During the fourth quarter of 2010, the Company redefined its financial reporting segments following the completion of its integration of Paris Re into its other Non-life sub-segments and changes in management responsibilities for certain lines of business and treaties. As a result, segment data for prior periods has been recast to conform to the current year presentation (see Note 22).

(v) Recent Accounting Pronouncements

In January 2010, the FASB issued new accounting guidance which requires the Company to disclose additional information about its fair value measurements at a greater level of disaggregation related to Level 3 activity, which will be effective for interim and annual periods beginning after December 15, 2010.

In October 2010, the FASB issued new accounting guidance clarifying that only acquisition costs related directly to the successful acquisition of new or renewal insurance contracts may be capitalized. Those acquisition costs that may be capitalized include incremental direct costs, such as commissions, and a portion of salaries and benefits of certain employees who are involved in underwriting and policy issuance, that are directly related to time spent on an acquired contract. This guidance is effective for interim and annual periods beginning after December 15, 2011, with early adoption permitted at the beginning of an entity's annual reporting period. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated shareholders' equity or net income.

3. Fair Value

(a) Fair Value of Financial Instrument Assets

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value by maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing an asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about what market participants would use in pricing the asset or liability based on the best information available in the circumstances. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement.

The Company determines the appropriate level in the hierarchy for each financial instrument that it measures at fair value. In determining fair value, the Company uses various valuation approaches, including market, income and cost approaches. The hierarchy is broken down into three levels based on the observability of inputs as follows:

- Level 1 inputs—Unadjusted, quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

  The Company's financial instruments that it measures at fair value using Level 1 inputs generally include: equities listed on a major exchange, exchange traded funds and exchange traded derivatives, such as futures and certain weather derivatives, that are actively traded.

- Level 2 inputs—Quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets and directly or indirectly observable inputs, other than quoted prices, used in industry accepted models.

  The Company's financial instruments that it measures at fair value using Level 2 inputs generally include: U.S. Treasury bonds; U.S. Government Sponsored Entities bonds; Organization for Economic

Co-operation and Development Sovereign Treasury bonds; investment grade and high yield corporate bonds; catastrophe bonds; mortality bonds; mortgage-backed securities; asset-backed securities; foreign exchange forward contracts and over-the-counter derivatives such as foreign currency option contracts, equity put and call options, credit default swaps and interest rate swaps.

- Level 3 inputs—Unobservable inputs.

The Company's financial instruments that it measures at fair value using Level 3 inputs generally include: unlisted equities including preference shares; unit trusts; inactively traded fixed maturities; real estate mutual fund investments; inactively traded weather derivatives; notes receivable and total return swaps.

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Notes to Consolidated Financial Statements—(Continued)

The Company's financial instruments measured at fair value include investments classified as trading securities, certain other invested assets and the segregated investment portfolio underlying the funds held – directly managed account (see Notes 4 and 5). At December 31, 2010 and 2009, the Company's financial instruments measured at fair value were categorized between Levels 1, 2 and 3 as follows (in thousands of U.S. dollars):

December 31, 2010	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Fixed maturities				
U.S. government and agencies	$ —	$ 917,600	$ 55,124	$ 972,724
Non-U.S. sovereign government, supranational and government related	—	2,819,193	—	2,819,193
Corporate	—	6,066,865	76,982	6,143,847
Asset-backed securities	—	343,518	213,139	556,657
Residential mortgage-backed securities	—	2,305,525	—	2,305,525
Other mortgage-backed securities	—	26,153	290	26,443
Fixed maturities	$ —	$ 12,478,854	$ 345,535	$ 12,824,389
Short-term investments	$ —	$ 49,397	$ —	$ 49,397
Equities				
Consumer noncyclical	$ 186,016	$ —	$ —	$ 186,016
Technology	119,214	—	—	119,214
Energy	118,372	—	—	118,372
Finance	112,309	—	2,486	114,795
Communications	110,982	—	—	110,982
Industrials	100,572	—	—	100,572
Consumer cyclical	81,595	—	—	81,595
Insurance	48,611	—	—	48,611
Other	90,220	—	—	90,220
Mutual funds and exchange traded funds	60,372	—	40,927	101,299
Equities	$ 1,028,263	$ —	$ 43,413	$ 1,071,676
Other invested assets				
Foreign exchange forward contracts	$ —	$ 14,233	$ —	$ 14,233
Foreign currency option contracts	—	3,516	—	3,516
Futures contracts	22,637	—	—	22,637
Credit default swaps (protection purchased)	—	(2,314)	—	(2,314)
Credit default swaps (assumed risks)	—	132	—	132
Insurance-linked securities	625	—	(698)	(73)
Total return swaps	—	449	(7,256)	(6,807)
Interest rate swaps	—	(5,787)	—	(5,787)
Other	—	(441)	86,278	85,837
Other invested assets	$ 23,262	$ 9,788	$ 78,324	$ 111,374
Funds held – directly managed				
U.S. government and agencies	$ —	$ 288,164	$ 368	$ 288,532
Non-U.S. sovereign government, supranational and government related	—	384,553	—	384,553
Corporate	—	798,587	—	798,587
Mortgage/asset-backed securities	—	—	12,118	12,118
Short-term investments	—	38,613	—	38,613
Other invested assets	—	—	20,528	20,528
Funds held – directly managed	$ —	$ 1,509,917	$ 33,014	$ 1,542,931
Total	$ 1,051,525	$ 14,047,956	$ 500,286	$ 15,599,767

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Notes to Consolidated Financial Statements—(Continued)

During the year ended December 31, 2010, there were no significant transfers between Levels 1 and 2.

December 31, 2009	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Fixed maturities	$ —	$ 13,945,500	$ 197,593	$ 14,143,093
Short-term investments	—	137,346	—	137,346
Equities	757,436	—	38,103	795,539
Other invested assets	—	39,795	16,454	56,249
Funds held – directly managed	—	1,790,676	39,619	1,830,295
Total	$ 757,436	$ 15,913,317	$ 291,769	$ 16,962,522

At December 31, 2010 and 2009, the aggregate carrying amounts of items included in Other invested assets that the Company did not measure at fair value were $241.0 million and $169.3 million, respectively, which related to the Company's investments that are accounted for using the cost method of accounting, equity method of accounting or investment company accounting.

In addition to the investments underlying the funds held – directly managed account held at fair value of $1,542.9 million and $1,830.3 million at December 31, 2010 and 2009, respectively, the funds held – directly managed account also included cash and cash equivalents, carried at fair value, of $129.2 million and $145.4 million, respectively, and accrued investment income of $19.9 million and $25.2 million, respectively. At December 31, 2010 and 2009, the aggregate carrying amounts of items included in the funds held – directly managed account that the Company did not measure at fair value were $80.1 million and $123.9 million, respectively, which primarily related to other assets and liabilities held by Colisée Re related to the underlying business, which are carried at cost (see Note 5).

At December 31, 2010 and 2009, substantially all of the accrued investment income in the Consolidated Balance Sheets related to the Company's investments and the investments underlying the funds held – directly managed account for which the fair value option was elected.

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Notes to Consolidated Financial Statements—(Continued)

The following tables are reconciliations of the beginning and ending balances for all financial instruments measured at fair value using Level 3 inputs for the years ended December 31, 2010 and 2009 (in thousands of U.S. dollars):

For the year ended December 31, 2010	Balance at beginning of year	Realized and unrealized investment gains (losses) included in net income	Net purchases, sales and settlements	Net transfers (out of)/ into Level 3 (a)	Balance at end of year	Change in unrealized investment (losses) gains relating to assets held at end of year
Fixed maturities						
U.S. government and agencies	$ 4,286	$ 2,379	$ 52,745	$ (4,286)	$ 55,124	$ (126)
Corporate	15,041	38	72,653	(10,750)	76,982	38
Asset-backed securities	99,952	20,692	95,395	(2,900)	213,139	(3,331)
Residential mortgage-backed securities	77,440	191	(77,631)	—	—	—
Other mortgage-backed securities	874	(239)	(345)	—	290	(239)
Fixed maturities	$197,593	$ 23,061	$ 142,817	$ (17,936)	$345,535	$ (3,658)
Equities						
Finance	$ 2,488	$ (696)	$ 694	$ —	$ 2,486	$ (2)
Industrials	805	(84)	(721)	—	—	—
Mutual funds and exchange traded funds	34,810	1,117	5,000	—	40,927	1,117
Equities	$ 38,103	$ 337	$ 4,973	$ —	$ 43,413	$ 1,115
Other invested assets						
Derivatives, net	$ (9,361)	$ 12,939	$ (19,698)	$ 8,166	$ (7,954)	$ 4,348
Other	25,815	1,654	58,809	—	86,278	2,506
Other invested assets	$ 16,454	$ 14,593	$ 39,111	$ 8,166	$ 78,324	$ 6,854
Funds held – directly managed						
U.S. government and agencies	$ 375	$ (7)	$ —	$ —	$ 368	$ (7)
Non-U.S. sovereign government, supranational and government related	3,417	(13)	(3,404)	—	—	—
Mortgage/asset-backed securities	142	(4,890)	—	16,866	12,118	(4,877)
Other invested assets	35,685	(3,842)	(11,315)	—	20,528	(3,824)
Funds held – directly managed	$ 39,619	$ (8,752)	$ (14,719)	$ 16,866	$ 33,014	$ (8,708)
Total	$291,769	$ 29,239	$ 172,182	$ 7,096	$500,286	$ (4,397)

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Notes to Consolidated Financial Statements—(Continued)

For the year ended December 31, 2009	Balance at beginning of year	Level 3 assets acquired from Paris Re	Realized and unrealized investment gains (losses) included in net income	Net purchases, sales and settlements	Net transfers (out of)/into Level 3 (a)	Balance at end of year	Change in unrealized investment gains (losses) relating to assets held at end of year
Fixed maturities	$ 78,138	$ 20,680	$ 23,937	$ 97,683	$ (22,845)	$ 197,593	$ 4,350
Short-term investments	137	—	(99)	—	(38)	—	—
Equities	33,547	—	3,661	895	—	38,103	3,661
Other invested assets	(16,136)	—	30,701	(1,609)	3,498	16,454	26,703
Funds held – directly managed	—	44,885	(3,342)	—	(1,924)	39,619	(3,113)
Total	$ 95,686	$ 65,565	$ 54,858	$ 96,969	$ (21,309)	$ 291,769	$ 31,601

(a) *The Company's policy is to recognize the transfers between the hierarchy levels at the beginning of the period.*

During the year ended December 31, 2010, certain fixed maturities with a fair value of $17.9 million were transferred from Level 3 into Level 2. The reclassifications to Level 2 consisted of municipal (included within U.S. government and agencies), corporate and student loans (included within asset-backed securities) fixed maturities. The transfers into Level 2 were due to the availability of quoted prices for similar assets in active markets used for valuation as of December 31, 2010, resulting from the continued recovery of the financial markets. In addition, during the year ended December 31, 2010, certain derivatives with a fair value in a net liability position of $8.2 million were transferred out of Level 3 into Level 2 due to the availability of observable inputs.

During the year ended December 31, 2010, certain fixed maturities within the investments underlying the funds held – directly managed account with a fair value of $16.9 million were transferred from Level 2 into Level 3. The reclassification into Level 3 consisted of asset-backed securities and residential and commercial mortgage-backed securities. The transfers into Level 3 were the result of the lack of observable market inputs, leading the Company to apply inputs that were not directly observable.

Changes in the fair value of the Company's financial instruments subject to the fair value option, during the years ended December 31, 2010, 2009 and 2008, respectively, were as follows (in thousands of U.S. dollars):

	2010	2009	2008
Fixed maturities	**$ 144,868**	$ 320,934	$ (150,860)
Short-term investments	**(2,234)**	2,010	551
Equities	**64,825**	185,925	(144,634)
Other invested assets	**(1,176)**	2,053	(2,451)
Funds held – directly managed	**26,101**	1,885	—
Total	**$ 232,384**	$ 512,807	$ (297,394)

All of the above changes in fair value are included in the Consolidated Statements of Operations under the caption Net realized and unrealized investment gains (losses).

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Notes to Consolidated Financial Statements—(Continued)

The following methods and assumptions were used by the Company in estimating the fair value of each class of financial instrument recorded in the Consolidated Balance Sheets. There have been no material changes in the Company's valuation techniques during the periods presented.

Fixed maturities and short-term investments

- *U.S. government and agencies*—U.S. government and agencies securities consist primarily of bonds issued by the U.S. Treasury, corporate debt securities issued by the Federal National Mortgage Association, the Federal Home Loan Bank and other U.S. agencies as well as bonds issued by U.S. domiciled state and municipality entities. These securities are generally priced by independent pricing services. The independent pricing services may use actual transaction prices for securities that have been actively traded. For securities that have not been actively traded, each pricing source has its own proprietary method to determine the fair value, which may incorporate option adjusted spreads (OAS), interest rate data and market news. The Company generally classifies these securities in Level 2. Certain of the U.S. domiciled states and municipality investments issued by municipal housing authorities are not actively traded and are priced based on internal models using unobservable inputs. Accordingly, the Company generally classifies these securities in Level 3.
- *Non-U.S. sovereign government, supranational and government related*—Non-U.S. sovereign government, supranational and government related securities consist primarily of bonds issued by non-U.S. national governments and their agencies, non-U.S. regional governments and supranational organizations. These securities are generally priced by independent pricing services using the techniques described for U.S. government and agencies above. The Company generally classifies these securities in Level 2.
- *Corporate*—Corporate securities consist primarily of U.S. and foreign corporations covering a variety of industries. These securities are generally priced by independent pricing services and brokers. The pricing provider incorporates information including credit spreads, interest rate data and market news into the valuation of each security. The Company generally classifies these securities in Level 2. When a corporate security is inactively traded or the valuation model uses unobservable inputs, the Company classifies the security in Level 3.
- *Asset-backed securities*—Asset-backed securities primarily consist of student loans, automobile loans, credit card receivables, equipment leases, and special purpose financing. With the exception of special purpose financing, these asset-backed securities are generally priced by independent pricing services and brokers. The pricing provider applies dealer quotes and other available trade information, prepayment speeds, yield curves and credit spreads to the valuation. The Company generally classifies these securities in Level 2. Special purpose financing securities, are generally inactively traded and are priced based on valuation models using unobservable inputs, including cash flow assumptions and credit spreads. The Company generally classifies these securities in Level 3.
- *Residential mortgage-backed securities*—Residential mortgage-backed securities primarily consist of bonds issued by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, as well as private, non-agency issuers. With the exception of private, non-agency issuers, these residential mortgage-backed securities are generally priced by independent pricing services and brokers. When current market trades are not available, the pricing provider will employ proprietary models with observable inputs including other trade information, prepayment speeds, yield curves and credit spreads. The Company generally classifies these securities in Level 2. Bonds issued by private, non-agency issuers are generally inactively traded and are priced based on valuation models using unobservable inputs, including cash flow assumptions and credit spreads. The Company generally classifies these securities in Level 3.

- *Other mortgage-backed securities*—Other mortgage-backed securities primarily consist of commercial mortgage-backed securities. These securities are generally priced by independent pricing services and brokers. The pricing provider applies dealer quotes and other available trade information, prepayment speeds, yield curves and credit spreads to the valuation. The Company generally classifies these securities in Level 2. When a commercial mortgage-backed security is inactively traded, or the valuation model uses unobservable inputs, the Company classifies the security in Level 3.

In general, the methods employed by the independent pricing services to determine the fair value of the securities that have not actively traded involve the use of "matrix pricing" in which the independent pricing source applies the credit spread for a comparable security that has traded recently to the current yield curve to determine a reasonable fair value. The Company uses a pricing service ranking to consistently select the most appropriate pricing service in instances where it receives multiple quotes on the same security. When fair values are unavailable from these independent pricing sources, quotes are obtained directly from broker-dealers who are active in the corresponding markets. Most of the Company's fixed maturities are priced from the pricing services or dealer quotes. The Company will typically not make adjustments to prices received from pricing services or dealer quotes; however, in instances where the quoted external price for a security uses significant unobservable inputs, the Company will categorize that security as Level 3. The Company's inactively traded fixed maturities are classified as Level 3. For all fixed maturity investments, the bid price is used for estimating fair value.

To validate prices, the Company compares the fair value estimates to its knowledge of the current market and will investigate prices that it considers not to be representative of fair value. The Company also reviews an internally generated fixed maturity price validation report which converts prices received for fixed maturity investments from the independent pricing sources and from broker-dealers quotes and plots OAS and duration on a sector and rating basis. The OAS is calculated using established algorithms developed by an independent risk analytics platform vendor. The OAS on the fixed maturity price validation report are compared for securities in a similar sector and having a similar rating, and outliers are identified and investigated for price reasonableness. In addition, the Company completes quantitative analyses to compare the performance of each fixed maturity investment portfolio to the performance of an appropriate benchmark, with significant differences identified and investigated.

Short term investments

Short term investments are valued in a manner similar to the Company's fixed maturity investments and are generally classified in Level 2.

Equities

Equity securities include U.S. and foreign common and preferred stocks, exchange traded funds and a foreign bond mutual fund. Equities and exchange traded funds are generally classified in Level 1 as the Company uses prices received from independent pricing sources based on quoted prices in active markets. Equities categorized as Level 3 are generally mutual funds invested in securities other than the common stock of publicly traded companies, where the net asset value is not provided on a daily basis.

To validate prices, the Company completes quantitative analyses to compare the performance of each equity investment portfolio to the performance of an appropriate benchmark, with significant differences identified and investigated.

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Notes to Consolidated Financial Statements—(Continued)

Other invested assets

The Company's exchange traded derivatives, such as futures and certain weather derivatives, are generally categorized as Level 1 as their fair values are quoted prices in active markets. The Company's foreign exchange forward contracts, foreign currency option contracts, equity put and call options, interest rate swaps, and credit default swaps are generally categorized as Level 2 within the fair value hierarchy and are priced by independent pricing services.

Included in the Company's Level 3 categorization, in general, are unlisted equities including preference shares, unit trusts, credit linked notes, certain inactively traded weather derivatives, notes and loans receivable and total return swaps. For Level 3 instruments, the Company will generally either (i) receive a price based on a manager's or trustee's valuation for the asset; or (ii) develop an internal discounted cash flow model to measure fair value. Where the Company receives prices from the manager or trustee, these prices are based on the manager's or trustee's estimate of fair value for the assets and are generally audited on an annual basis. Where the Company develops its own discounted cash flow models, the inputs will be specific to the asset in question, based on appropriate historical information, adjusted as necessary, and using appropriate discount rates. As part of the Company's modeling to determine the fair value of an investment, the Company considers counterparty credit risk as an input to the model, however, the majority of the Company's counterparties are highly rated institutions and the failure of any one counterparty would not have a significant impact on the Company's financial statements.

To validate prices, the Company will compare them to benchmarks, where appropriate, or to the business results generally within that asset class and specifically to those particular assets. In addition, the fair value measurements of all Level 3 investments are presented to, and peer reviewed by, an internal valuation committee that the Company has established.

Funds held – directly managed

The segregated investment portfolio underlying the funds held – directly managed account is comprised of fixed maturities, short-term investments and other invested assets which are fair valued on a basis consistent with the methods described above. Substantially all fixed maturities and short-term investments within the funds held – directly managed account are categorized as Level 2 within the fair value hierarchy.

The other invested assets within the segregated investment portfolio underlying the funds held – directly managed account, which are categorized as Level 3 investments, are primarily real estate mutual fund investments carried at fair value. For the real estate mutual fund investments, the Company receives a price based on the real estate fund manager's valuation for the asset and further adjusts the price, if necessary, based on appropriate current information on the real estate market.

To validate prices within the segregated investment portfolio underlying the funds held – directly managed account, the Company utilizes the methods described above.

(b) Fair Value of Financial Instrument Liabilities

The following methods and assumptions were used by the Company in estimating the fair value of each class of financial instrument liability recorded in the Consolidated Balance Sheets for which the Company does not measure that instrument at fair value:

- the fair value of policy benefits for life and annuity contracts is equal to the cash value available to the policyholder should the policyholder surrender the policy;

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Notes to Consolidated Financial Statements—(Continued)

- the fair value of the Senior Notes was calculated using quoted market prices based on the aggregate principal amount outstanding of $250 million from PartnerRe Finance A LLC at December 31, 2010 and 2009 and $500 million from PartnerRe Finance B LLC at December 31, 2010 (see Note 11);
- the fair value of the CENts was calculated using quoted market prices at December 31, 2010 and was based on the present value of estimated discounted future cash flows at December 31, 2009. The fair value of the CENts was based on the aggregate principal amount outstanding from PartnerRe Finance II Inc. of $63 million at December 31, 2010 and 2009; and
- the fair value of the current portion of long-term debt as of December 31, 2009 was based on the present value of estimated future cash flows using a discount rate reflective of the current market cost of borrowing under similar terms and conditions. The current portion of long-term debt was repaid in July 2010 (see Note 11).

Disclosures about fair value of financial instruments exclude insurance contracts (other than financial guarantees), investment contracts and certain other financial instruments.

The carrying values and fair values of the financial instrument liabilities recorded in the Consolidated Balance Sheets as of December 31, 2010 and 2009 were as follows (in thousands of U.S. dollars):

	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Policy benefits for life and annuity contracts (1)	**$ 1,750,410**	**$ 1,750,410**	$ 1,615,193	$ 1,615,193
Debt related to senior notes (2)	**750,000**	**781,950**	250,000	264,438
Debt related to capital efficient notes (3)	**63,384**	**59,261**	63,384	56,355
Current portion of long-term debt	**—**	**—**	200,000	199,494

(1) Policy benefits for life and annuity contracts included short-duration and long-duration contracts.

(2) PartnerRe Finance A LLC and PartnerRe Finance B LLC, the issuers of the Senior Notes, do not meet consolidation requirements under U.S. GAAP. Accordingly, the Company shows the related intercompany debt of $750 million and $250 million in its Consolidated Balance Sheets at December 31, 2010 and 2009, respectively (see Note 11).

(3) PartnerRe Finance II Inc., the issuer of the CENts, does not meet consolidation requirements under U.S. GAAP. Accordingly, the Company shows the related intercompany debt of $71 million in its Consolidated Balance Sheets at December 31, 2010 and 2009 (see Note 11).

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Notes to Consolidated Financial Statements—(Continued)

4. Investments

(a) Fixed Maturities, Short-Term Investments and Equities

The cost, gross unrealized gains, gross unrealized losses and fair value of investments classified as trading securities at December 31, 2010 and 2009 were as follows (in thousands of U.S. dollars):

December 31, 2010	Cost (1)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities				
U.S. government and agencies	**$ 962,410**	**$ 15,855**	**$ (5,541)**	**$ 972,724**
Non-U.S. sovereign government, supranational and government related	**2,743,922**	**82,984**	**(7,713)**	**2,819,193**
Corporate	**5,876,392**	**286,463**	**(19,008)**	**6,143,847**
Asset-backed securities	**554,326**	**11,707**	**(9,376)**	**556,657**
Residential mortgage-backed securities	**2,227,938**	**92,534**	**(14,947)**	**2,305,525**
Other mortgage-backed securities	**29,809**	**1,787**	**(5,153)**	**26,443**
Total fixed maturities	**12,394,797**	**491,330**	**(61,738)**	**12,824,389**
Short-term investments	**49,132**	**283**	**(18)**	**49,397**
Equities	**942,745**	**146,700**	**(17,769)**	**1,071,676**
Total	**$ 13,386,674**	**$ 638,313**	**$ (79,525)**	**$ 13,945,462**

December 31, 2009	Cost (1)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities				
U.S. government and agencies	$ 1,272,148	$ 9,201	$ (12,059)	$ 1,269,290
Non-U.S. sovereign government, supranational and government related	3,012,004	61,173	(13,873)	3,059,304
Corporate	6,438,348	223,190	(30,129)	6,631,409
Asset-backed securities	564,884	18,502	(16,129)	567,257
Residential mortgage-backed securities	2,531,199	68,487	(15,335)	2,584,351
Other mortgage-backed securities	38,257	908	(7,683)	31,482
Total fixed maturities	13,856,840	381,461	(95,208)	14,143,093
Short-term investments	134,830	2,565	(49)	137,346
Equities	731,387	81,371	(17,219)	795,539
Total	$ 14,723,057	$ 465,397	$ (112,476)	$ 15,075,978

(1) Cost is amortized cost for fixed maturities and short-term investments and cost for equity securities. For investments acquired from Paris Re, cost is based on the fair value at the date of acquisition and subsequently adjusted for amortization of fixed maturities and short-term investments.

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Notes to Consolidated Financial Statements—(Continued)

(b) Maturity Distribution of Fixed Maturities and Short-Term Investments

The distribution of fixed maturities and short-term investments at December 31, 2010, by contractual maturity date, is shown below (in thousands of U.S. dollars). Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

	Cost	Fair Value
One year or less	$ 920,734	$ 930,120
More than one year through five years	4,875,056	5,022,319
More than five years through ten years	3,264,511	3,418,353
More than ten years	571,555	614,369
Subtotal	9,631,856	9,985,161
Mortgage/asset-backed securities	2,812,073	2,888,625
Total	$ 12,443,929	$ 12,873,786

(c) Change in Net Unrealized Gains on Investments

The change in net unrealized gains on investments, net of applicable taxes, reflected in change in other accumulated comprehensive (loss) income for the years ended December 31, 2010, 2009 and 2008 was $(4.9) million (net of tax of $nil), $8.1 million (net of tax of $nil) and $15.2 million (net of tax benefit of $32.8 million), respectively.

(d) Net Realized and Unrealized Investment Gains (Losses)

The components of the net realized and unrealized investment gains (losses) for the years ended December 31, 2010, 2009 and 2008 were as follows (in thousands of U.S. dollars):

	2010	2009	2008
Net realized investment gains (losses) on fixed maturities and short-term investments	**$ 173,426**	$ 105,249	$ (16,076)
Net realized investment gains (losses) on equities	**44,736**	(45,258)	(230,481)
Net realized (losses) gains on other invested assets	**(68,568)**	(35,426)	358
Change in net unrealized gains on other invested assets	**3,742**	58,196	3,212
Change in net unrealized investment gains (losses) on fixed maturities and short-term investments	**142,634**	322,944	(150,309)
Change in net unrealized investment gains (losses) on equities	**64,825**	185,925	(144,634)
Net other realized and unrealized investment gains	**13,335**	1,777	6,570
Net realized and unrealized investment gains (losses) on funds held – directly managed	**27,352**	(1,700)	—
Total net realized and unrealized investment gains (losses)	**$ 401,482**	$ 591,707	$ (531,360)

Included in net realized investment (losses) gains on equities in 2009 is a gain of $18.3 million related to the Company's equity investment in Paris Re prior to the Acquisition Date (see Note 7).

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Notes to Consolidated Financial Statements—(Continued)

(e) Net Investment Income

The components of net investment income for the years ended December 31, 2010, 2009 and 2008 were as follows (in thousands of U.S. dollars):

	2010	2009	2008
Fixed maturities	**$ 580,258**	$ 559,330	$ 514,751
Short-term investments, cash and cash equivalents	**8,541**	11,799	18,884
Equities	**20,794**	13,861	29,415
Funds held and other	**52,794**	32,793	37,261
Funds held – directly managed	**51,775**	17,766	—
Investment expenses	**(41,380)**	(39,478)	(27,347)
Net investment income	**$ 672,782**	$ 596,071	$ 572,964

Other than the funds held – directly managed account, the Company generally earns investment income on funds held by reinsured companies based upon a predetermined interest rate, either fixed contractually at the inception of the contract or based upon a recognized index (e.g., LIBOR). Interest rates ranged from 3.0% to 6.0% at December 31, 2010 and from 1.0% to 6.0% at December 31, 2009. See Note 5 for additional information on the funds held – directly managed account.

(f) Pledged Assets

At December 31, 2010 and 2009, approximately $271.2 million and $55.2 million, respectively, of cash and cash equivalents and approximately $1,679.2 million and $1,693.0 million, respectively, of securities were deposited, pledged or held in escrow accounts in favor of ceding companies and other counterparties or government authorities to comply with reinsurance contract provisions and insurance laws.

(g) Net Payable for Securities Purchased/Sold

Included within Accounts payable, accrued expenses and other in the Consolidated Balance Sheets at December 31, 2010 and 2009 were amounts of gross payable balances for securities purchased and gross receivable balances for securities sold as follows (in thousands of U.S. dollars):

	2010	2009
Receivable for securities sold	**$ 16,669**	$ 57,600
Payable for securities purchased	**(23,802)**	(61,144)
Net payable for securities purchased/sold	**$ (7,133)**	$ (3,544)

5. Funds Held – Directly Managed

Following Paris Re's acquisition of substantially all of the reinsurance operations of Colisée Re (previously known as AXA RE), a subsidiary of AXA SA (AXA), in 2006, Paris Re and its subsidiaries entered into an issuance agreement and a quota share retrocession agreement to assume business written by Colisée Re from January 1, 2006 to September 30, 2007 as well as the in-force business as of December 31, 2005. The agreements provided that the premium related to the transferred business was retained by Colisée Re and credited to a funds held account. The assets underlying the funds held – directly managed account are maintained by Colisée Re in a segregated investment portfolio and managed by the Company. The segregated investment portfolio underlying the funds held – directly managed account is carried at fair value. Realized and unrealized investment gains and

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

losses and net investment income related to the underlying investment portfolio in the funds held – directly managed account inure to the benefit of the Company. The Company elected the fair value option as of the Acquisition Date for substantially all of the fixed maturities, short-term investments and certain other invested assets in the segregated investment portfolio underlying the funds held – directly managed account, and accordingly, all changes in the fair value of the segregated investment portfolio underlying the funds held – directly managed account subsequent to the Acquisition Date are recorded in net realized and unrealized investment gains and losses in the Consolidated Statements of Operations.

(a) Fixed Maturities, Short-Term Investments, Other Invested Assets and Other Assets and Liabilities

The cost, gross unrealized gains, gross unrealized losses and fair value of investments underlying the funds held – directly managed account at December 31, 2010 and 2009 were as follows (in thousands of U.S. dollars):

December 31, 2010	Cost (1)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities				
U.S. government and agencies	**$ 280,787**	**$ 7,977**	**$ (232)**	**$ 288,532**
Non-U.S. sovereign government, supranational and government related	**377,591**	**7,052**	**(90)**	**384,553**
Corporate	**787,804**	**13,501**	**(2,718)**	**798,587**
Mortgage/asset-backed securities	**12,269**	**2,337**	**(2,488)**	**12,118**
Total fixed maturities	**1,458,451**	**30,867**	**(5,528)**	**1,483,790**
Short-term investments	**38,613**	**—**	**—**	**38,613**
Other invested assets	**25,133**	**238**	**(4,741)**	**20,630**
Total	**$ 1,522,197**	**$ 31,105**	**$ (10,269)**	**$ 1,543,033**

December 31, 2009	Cost (1)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities				
U.S. government and agencies	$ 302,400	$ 204	$ (2,583)	$ 300,021
Non-U.S. sovereign government, supranational and government related	548,845	3,167	(3,725)	548,287
Corporate	899,888	2,888	(2,973)	899,803
Mortgage/asset-backed securities	14,276	4,644	(968)	17,952
Total fixed maturities	1,765,409	10,903	(10,249)	1,766,063
Short-term investments	28,547	—	—	28,547
Other invested assets	40,961	1,081	(3,365)	38,677
Total	$ 1,834,917	$ 11,984	$ (13,614)	$ 1,833,287

(1) Cost is based on the fair value at the date of the acquisition of Paris Re and subsequently adjusted for amortization of fixed maturities and short-term investments.

In addition to the investments underlying the funds held – directly managed account in the above table at December 31, 2010 and 2009, were cash and cash equivalents of $129.2 million and $145.4 million, respectively, other assets and liabilities of $80.0 million and $120.9 million, respectively, and accrued investment income of $19.9 million and $25.2 million, respectively. The other assets and liabilities represent working capital assets held by Colisée Re related to the underlying business.

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Notes to Consolidated Financial Statements—(Continued)

(b) Maturity Distribution of Fixed Maturities and Short-Term Investments

The distribution of fixed maturities and short-term investments underlying the funds held – directly managed account at December 31, 2010, by contractual maturity date, is shown below (in thousands of U.S. dollars). Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

	Cost	Fair Value
One year or less	**$ 288,084**	**$ 288,662**
More than one year through five years	**800,449**	**814,038**
More than five years through ten years	**365,788**	**376,009**
More than ten years	**30,474**	**31,576**
Subtotal	**1,484,795**	**1,510,285**
Mortgage/asset-backed securities	**12,269**	**12,118**
Total	**$ 1,497,064**	**$ 1,522,403**

(c) Net Realized and Unrealized Investment Gains (Losses)

The components of the net realized and unrealized investment gains (losses) on the funds held – directly managed account for the year ended December 31, 2010 and for the period from October 2, 2009 to December 31, 2009 were as follows (in thousands of U.S. dollars):

	2010	2009
Net realized investment gains (losses) on fixed maturities and short term investments	**$ 1,041**	$ (2,200)
Net realized investment gains on other invested assets	**622**	—
Change in net unrealized investment gains on fixed maturities and short-term investments	**26,670**	1,920
Change in net unrealized investment losses on other invested assets	**(569)**	(35)
Net other realized and unrealized investment losses	**(412)**	(1,385)
Net realized and unrealized investment gains (losses) on funds held – directly managed	**$ 27,352**	$ (1,700)

(d) Net Investment Income

The components of net investment income underlying the funds held – directly managed account for the year ended December 31, 2010 and for the period from October 2, 2009 to December 31, 2009 were as follows (in thousands of U.S. dollars):

	2010	2009
Fixed maturities	**$ 46,200**	$ 10,956
Short-term investments, cash and cash equivalents	**1,607**	287
Other	**6,078**	6,934
Investment expenses	**(2,110)**	(411)
Net investment income	**$ 51,775**	$ 17,766

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

6. Derivatives

The Company's derivative instruments are recorded in the Consolidated Balance Sheets at fair value, with changes in fair value mainly recognized in either net foreign exchange gains and losses or net realized and unrealized investment gains and losses in the Consolidated Statements of Operations or accumulated other comprehensive income or loss in the Consolidated Balance Sheets, depending on the nature of the derivative instrument. The Company's objectives for holding or issuing these derivatives are as follows:

Foreign Exchange Forward Contracts

The Company utilizes foreign exchange forward contracts as part of its overall currency risk management and investment strategies. From time to time, the Company also utilizes foreign exchange forward contracts to hedge a portion of its net investment exposure resulting from the translation of its foreign subsidiaries and branches whose functional currency is other than the U.S. dollar.

Foreign Currency Option Contracts and Futures Contracts

The Company also utilizes foreign currency option contracts to mitigate foreign currency risk. The Company uses exchange traded treasury note futures contracts to manage portfolio duration and commodity and equity futures to hedge certain investments.

Credit Default Swaps

The Company purchases protection through credit default swaps to mitigate the risk associated with its underwriting operations, most notably in the credit/surety line, and to manage market exposures.

The Company also assumes credit risk through credit default swaps to replicate investment positions. The original term of these credit default swaps is generally five years or less and there are no recourse provisions associated with these swaps. While the Company would be required to perform under exposure assumed through credit default swaps in the event of a default on the underlying issuer, no issuer was in default at December 31, 2010. The counterparties on the Company's assumed credit default swaps are all highly rated financial institutions.

Insurance-Linked Securities

The Company has entered into various weather derivatives, weather futures and longevity total return swaps for which the underlying risks reference parametric weather risks for the weather derivatives and weather futures, and longevity risk for the longevity total return swaps.

Total Return and Interest Rate Swaps and Interest Rate Derivatives

The Company has entered into total return swaps referencing various project, investments and principal finance obligations. The Company has also entered into interest rate swaps to mitigate the interest rate risk on certain of the total return swaps. The Company may also use other interest rate derivatives to mitigate exposure to interest rate volatility.

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

The fair values and the related notional values of derivatives included in the Company's Consolidated Balance Sheets at December 31, 2010 and 2009 were as follows (in thousands of U.S. dollars):

	December 31, 2010		December 31, 2009	
	Fair Value	Notional Value	Fair Value	Notional Value
Derivatives designated as hedges				
Foreign exchange forward contracts (net investment hedge)	**$ (1,160)**	**$ 198,448**	$ 4,840	$ —
Interest rate derivatives	**—**	**—**	6,354	400,000
Total derivatives designated as hedges	**$ (1,160)**		$ 11,194	
Derivatives not designated as hedges				
Foreign exchange forward contracts	**$ 15,393**	**$ 1,770,448**	$ 1,137	$ 1,333,862
Foreign currency option contracts	**3,516**	**104,386**	1,680	108,205
Futures contracts	**22,637**	**1,756,811**	27,866	1,825,297
Credit default swaps (protection purchased)	**(2,314)**	**113,752**	(2,056)	192,996
Credit default swaps (assumed risks)	**132**	**27,500**	566	22,500
Insurance-linked securities	**(73)**	**88,765**	(149)	48,962
Total return swaps	**(6,807)**	**161,408**	(1,195)	229,165
Interest rate swaps (1)	**(5,787)**	**—**	(8,166)	—
Other	**—**	**—**	130	—
Total derivatives not designated as hedges	**$ 26,697**		$ 19,813	
Total derivatives	**$ 25,537**		$ 31,007	

(*1*) *The Company enters into interest rate swaps to mitigate notional exposures on certain total return swaps. Accordingly, the notional value of interest rate swaps is not presented separately in the table.*

The fair value of all derivatives at December 31, 2010 and 2009 is recorded in Other invested assets in the Company's Consolidated Balance Sheets. The effective portion of net investment hedging derivatives recognized in accumulated other comprehensive income at December 31, 2010 and 2009 was a loss of $1.2 million and $66.3 million, respectively. The effective portion of interest rate derivatives recognized in accumulated other comprehensive income at December 31, 2009 was a gain of $6.4 million. There were no interest rate derivatives outstanding at December 31, 2010.

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Notes to Consolidated Financial Statements—(Continued)

The gains and losses in the Consolidated Statements of Operations for derivatives not designated as hedges for the years ended December 31, 2010, 2009 and 2008 were as follows (in thousands of U.S. dollars):

	2010 Amount of gain (loss) on derivatives recognized in income	2009 Amount of gain (loss) on derivatives recognized in income	2008 Amount of (loss) gain on derivatives recognized in income
Foreign exchange forward contracts	**$ 65,973**	$ 39,573	$ (19,706)
Foreign currency option contracts	**6,368**	5,734	(15,167)
Total included in net foreign exchange gains and losses	**$ 72,341**	$ 45,307	$ (34,873)
Futures contracts	**(81,789)**	(10,147)	7,150
Credit default swaps (protection purchased)	**(2,155)**	(15,535)	19,311
Credit default swaps (assumed risks)	**918**	7,062	(15,581)
Insurance-linked securities	**10,241**	3,524	5,367
Total return swaps	**4,029**	22,083	(1,049)
Interest rate swaps	**2,374**	4,190	(8,795)
Interest rate derivatives	**(3,848)**	—	—
Other	**(158)**	107	449
Total included in net realized and unrealized investment gains and losses	**$ (70,388)**	$ 11,284	$ 6,852
Total derivatives not designated as hedges	**$ 1,953**	$ 56,591	$ (28,021)

7. Business Combination

On July 4, 2009, the Company entered into definitive agreements to effect a multi-step acquisition of all the outstanding common shares and warrants of Paris Re, a French-listed, Swiss-based holding company and its operating subsidiaries. In July 2009, the Company purchased approximately 6% of the outstanding Paris Re common shares. On October 2, 2009, the Company closed its block purchase of Paris Re's common shares and warrants which represented, in the aggregate, approximately 77% of the outstanding common shares of Paris Re, resulting in the Company's ownership of Paris Re's common shares increasing to approximately 83%. Subsequent to October 2, 2009, the Company acquired additional common shares of Paris Re and effected a Merger, resulting in the Company obtaining 100% ownership of Paris Re on December 7, 2009. The Company issued its common shares, in exchange for Paris Re common shares and warrants, for all steps of the acquisition.

The aggregate purchase price paid by the Company to acquire 100% of the outstanding Paris Re common shares and warrants was $1,979.7 million for total identifiable net assets acquired, at fair value, of $1,953.7 million. The Company recorded goodwill of $26 million related to the acquisition (see Note 8).

The Consolidated Statements of Operations and Cash Flows include results of Paris Re for the period from the Acquisition Date. For the period from October 2, 2009 to December 7, 2009, Paris Re had non-controlling interests. Net income attributable to Paris Re's non-controlling interests during this period was $4.3 million, and has been recorded within other income (loss) in the Consolidated Statement of Operations.

In April 2010, the Company announced a voluntary termination plan available to certain eligible employees in France and, during 2010, the Company integrated Paris Re into its existing Non-life sub-segments (see Notes 18(c) and 22).

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Notes to Consolidated Financial Statements—(Continued)

8. Goodwill and Intangible Assets

The following table shows the Company's goodwill and intangible assets at December 31, 2010 and 2009 (in thousands of U.S. dollars):

2010	**Goodwill**	**Definite-lived intangible assets**	**Indefinite-lived intangible assets**	**Total**
Balance at January 1, 2010	**$ 455,533**	**$ 239,919**	**$ 7,350**	**$ 702,802**
Intangible assets amortization	**—**	**(68,554)**	**—**	**(68,554)**
Balance at December 31, 2010	**$ 455,533**	**$ 171,365**	**$ 7,350**	**$ 634,248**

2009	**Goodwill**	**Definite-lived intangible assets**	**Indefinite-lived intangible assets**	**Total**
Balance at January 1, 2009	$ 429,519	$ —	$ —	$ 429,519
Acquired during the year	26,014	280,196	7,350	313,560
Intangible assets amortization	—	(40,277)	—	(40,277)
Balance at December 31, 2009	$ 455,533	$ 239,919	$ 7,350	$ 702,802

Intangible asset amortization during the years ended December 31, 2010 and 2009 totaled $68,554 and $40,277, respectively, of which $37,093 and $46,410, respectively, is recorded within acquisition costs and $31,461 and $(6,133), respectively, is recorded within amortization of intangible assets in the Consolidated Statements of Operations. The amounts recorded within acquisition costs in the Consolidated Statements of Operations approximates the amount of Paris Re's deferred acquisition costs that would have been recorded as acquisition costs had they not been fair valued under purchase accounting.

The gross carrying value and accumulated amortization of intangible assets by type as of December 31, 2010 and 2009 is as follows (in thousands of U.S. dollars):

	2010		**2009**	
	Gross carrying value	**Accumulated amortization**	**Gross carrying value**	**Accumulated amortization**
Definite-lived intangible assets:				
Unpaid losses and loss expenses	**$ 191,196**	**$ 44,076**	$ 191,196	$ 9,135
Unearned premiums	**56,300**	**51,130**	56,300	28,417
Renewal rights	**32,700**	**13,625**	32,700	2,725
Total definite-lived intangible assets	**$ 280,196**	**$ 108,831**	$ 280,196	$ 40,277
Indefinite-lived intangible asset:				
U.S. insurance licenses	**7,350**	**—**	7,350	—
Total intangible assets	**$ 287,546**	**$ 108,831**	$ 287,546	$ 40,277

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Notes to Consolidated Financial Statements—(Continued)

During the year ended December 31, 2010, the Company completed the integration of Paris Re into its other Non-life sub-segments (see Note 22). Following the completion of the integration, the Company reallocated the goodwill related to the Paris Re acquisition, that was previously allocated to the Paris Re sub-segment, to its Catastrophe Non-life sub-segment. The goodwill was reallocated to the Catastrophe Non-life sub-segment based on the Company's assessment of the future expected benefits. As of December 31, 2010 and 2009, the allocation of the goodwill among the Company's segments and sub-segments was as follows (in thousands of U.S. dollars):

	2010	2009
Non-life segment:		
North America	**$ 82,026**	$ 82,026
Global (Non-U.S.) P&C	**149,895**	149,895
Global (Non-U.S.) Specialty	**179,641**	179,641
Catastrophe	**26,014**	—
Paris Re	**N/A**	26,014
Life segment	**17,957**	17,957
Total goodwill	**$ 455,533**	$ 455,533

N/A: Not applicable

The estimated amortization expense for each of the five succeeding fiscal years related to the Company's definite-lived intangible assets is as follows (in thousands of U.S. dollars):

Period	Amount
2011	$ 44,848
2012	31,799
2013	19,479
2014	15,950
2015	13,900
Total	$ 125,976

9. Unpaid Losses and Loss Expenses and Policy Benefits for Life and Annuity Contracts

(a) Unpaid Losses and Loss Expenses

Unpaid losses and loss expenses are categorized into three types of reserves: reported outstanding loss reserves (case reserves), additional case reserves (ACRs) and incurred but not reported (IBNR) reserves. Case reserves represent unpaid losses reported by the Company's cedants and recorded by the Company. ACRs are established for particular circumstances where, on the basis of individual loss reports, the Company estimates that the particular loss or collection of losses covered by a treaty may be greater than those advised by the cedant. IBNR reserves represent a provision for claims that have been incurred but not yet reported to the Company, as well as future loss development on losses already reported, in excess of the case reserves and ACRs. The following table shows unpaid losses and loss expenses reported by cedants (case reserves) and those estimated by the Company (ACRs and IBNR reserves) at December 31, 2010 and 2009 (in thousands of U.S. dollars):

	2010	2009
Case reserves	**$ 4,652,281**	$ 4,817,765
ACRs	**326,721**	274,360
IBNR reserves	**5,687,602**	5,719,358
Total unpaid losses and loss expenses	**$ 10,666,604**	$ 10,811,483

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PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

The table below is a reconciliation of the beginning and ending liability for unpaid losses and loss expenses, excluding policy benefits for life and annuity contracts, for the years ended December 31, 2010, 2009 and 2008 (in thousands of U.S. dollars):

	2010	2009	2008
Gross liability at beginning of year	**$ 10,811,483**	$ 7,510,666	$ 7,231,436
Reinsurance recoverable at beginning of year	**336,352**	125,215	132,479
Net liability at beginning of year	**10,475,131**	7,385,451	7,098,957
Net liability acquired related to Paris Re	**—**	3,176,255	—
Net incurred losses related to:			
Current year	**3,137,874**	2,340,768	2,564,174
Prior years	**(477,883)**	(485,809)	(417,936)
	2,659,991	1,854,959	2,146,238
Change in Paris Re Reserve Agreement	**(66,783)**	(32,027)	—
Net paid losses related to:			
Current year	**311,253**	327,080	240,031
Prior years	**2,267,765**	1,716,798	1,340,788
	2,579,018	2,043,878	1,580,819
Effects of foreign exchange rate changes	**(171,464)**	134,371	(278,925)
Net liability at end of year	**10,317,857**	10,475,131	7,385,451
Reinsurance recoverable at end of year	**348,747**	336,352	125,215
Gross liability at end of year	**$ 10,666,604**	$ 10,811,483	$ 7,510,666

The table below is a reconciliation of losses and loss expenses including life policy benefits for the years ended December 31, 2010, 2009 and 2008 (in thousands of U.S. dollars):

	2010	2009	2008
Net incurred losses related to:			
Non-life	**$ 2,659,991**	$ 1,854,959	$ 2,146,238
Life	**623,627**	440,337	462,982
Losses and loss expenses and life policy benefits	**$ 3,283,618**	$ 2,295,296	$ 2,609,220

The following table summarizes the net prior year favorable development of loss reserves for each of the Company's Non-life sub-segments for the years ended December 31, 2010, 2009 and 2008 (in thousands of U.S. dollars):

	2010	2009	2008
Prior year net favorable loss development:			
Non-life sub-segment			
North America	**$ 165,780**	$ 177,571	$ 112,067
Global (Non-U.S.) P&C	**97,539**	151,456	161,752
Global (Non-U.S.) Specialty	**170,931**	107,632	65,856
Catastrophe	**43,633**	49,150	78,261
Total net Non-life prior year loss development	**$ 477,883**	$ 485,809	$ 417,936

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Notes to Consolidated Financial Statements—(Continued)

Within the Company's North America sub-segment, the Company reported net favorable loss development for prior accident years in 2010, 2009 and 2008. The net favorable loss development in 2010 included net favorable development for prior accident years in most lines of business, predominantly in casualty and agriculture, while motor experienced adverse loss development for prior accident years of $8 million. The net favorable loss development in 2009 included net favorable development for prior accident years in most lines of business, predominantly in casualty, while multiline experienced adverse loss development for prior accident years of $8 million. The net favorable loss development in 2008 included net favorable development for prior accident years in all lines of business, except for multiline, which experienced adverse loss development for prior accident years of $3 million. Loss information provided by cedants during each of these years for prior accident years included no individually significant losses or reductions but a series of attritional losses or reductions. Attritional losses are losses that may not be significant on an individual basis, but are monitored on an aggregated basis by the Company to identify trends that may be meaningful from a reserving standpoint.

For the Global (Non-U.S.) P&C sub-segment, the Company reported net favorable loss development for prior accident years in 2010, 2009 and 2008. The net favorable loss development in 2010 included net favorable development for prior accident years in all lines of business, but was most pronounced in the property line. The net favorable loss development in 2009 included net favorable development for prior accident years in all lines of business, but was most pronounced in the motor and casualty lines. The net favorable loss development in 2008 included net favorable development for prior accident years in all lines of business, but was most pronounced in the property line. Loss information provided by cedants during each of these years for prior accident years included no individually significant losses or reductions but a series of attritional losses or reductions.

For the Global (Non-U.S.) Specialty sub-segment, the Company reported net favorable loss development for prior accident years in 2010, 2009 and 2008. The net favorable loss development in 2010 included net favorable development for prior accident years in all lines of business, except for specialty casualty, which experienced adverse loss development for prior accident years of $37 million. The net favorable loss development in 2009 included net favorable development for prior accident years in most lines of business, predominantly in aviation and engineering, while agriculture and credit/surety experienced combined adverse loss development for prior accident years of $4 million. The net favorable loss development in 2008 included net favorable development in all lines of business, except for energy and specialty casualty, which experienced combined adverse loss development for prior accident years of $9 million. Loss information provided by cedants during each of these years for prior accident years included no individually significant losses or reductions but a series of attritional losses or reductions.

For the Catastrophe sub-segment, the Company reported net favorable loss development for prior accident years in 2010, 2009 and 2008. The net favorable loss development in each year was primarily due to favorable loss emergence, as losses reported by cedants for prior accident years were lower than the Company expected.

(b) Paris Re Reserve Agreement

Following Paris Re's acquisition of substantially all of the reinsurance operations of Colisée Re in 2006, Paris Re's French operating subsidiary (Paris Re France) entered into a reserve agreement (Reserve Agreement), which provides that AXA and Colisée Re shall guarantee reserves in respect of Paris Re France and subsidiaries acquired in the acquisition. The Reserve Agreement relates to losses incurred prior to December 31, 2005. Accordingly, the Company's Consolidated Statements of Operations do not include any favorable or adverse development related to these guaranteed reserves. The reserve guarantee provided by AXA and Colisée Re is conditioned upon, among other things, the guaranteed business, including all related ceded reinsurance, being managed by AXA Liabilities Managers, an affiliate of Colisée Re.

Favorable or adverse development related to the guaranteed reserves is recorded as a change in unpaid losses and loss expenses in the Consolidated Balance Sheets and as a change in the Reserve Agreement payable or receivable balance to/from Colisée Re, which is included within Other reinsurance balances payable in the Consolidated Balance Sheets. Accordingly, the reconciliation of the beginning and ending liability for unpaid losses and loss expenses for the years ended December 31, 2010 and 2009 includes the change in the Reserve Agreement. As of December 31, 2010 and 2009, the Company's net liability for unpaid losses and loss expenses includes $1,239 million and $1,500 million, respectively, of guaranteed reserves and Other reinsurance balances payable includes $128 million and $116 million, respectively, payable to Colisée Re related to the Reserve Agreement.

(c) Sub-Prime and Financial Crisis Exposures

Ultimate losses for lines impacted by the deteriorating financial condition of the world economies in 2008 and the first half of 2009 cannot be estimated by standard actuarial techniques alone. The majority of the Company's underwriting exposure related to this issue arises from business written in North America and Global (Non-U.S.) specialty casualty and North America and Global (Non-U.S.) credit/surety lines of business and other potentially exposed classes of business during the underwriting years 2006 through 2009.

The potential ultimate liability for these exposures was evaluated through an analysis of the Company's exposure to these risks, which include but are not limited to, sub-prime mortgage related exposures. For specialty casualty, the analysis was based on information received from cedants at the time the exposed business was written and supplemented by discussions with cedants, evaluation of known securities class action filings, current industry data regarding the likelihood of securities class actions and other potential suits against companies exposed to the effects of financial stress, estimates of exposed industry premium, estimates of the Company's market share of exposed industry premium and estimates of industry-wide insured losses. For credit/surety, the analysis was based on information received from cedants both at the time the exposed business was written supplemented by discussions with cedants, historical experience in times of similar financial stress, reported claim information and internal modeling.

The impacts of the global financial and economic crisis on the Company's reinsurance underwriting operations abated in 2010. The Company has continued to review its loss estimates and has decreased its reserves during 2010 in certain affected lines of business for certain underwriting years, reflecting actual claims activity being less than anticipated based on information provided by cedants.

Based on information currently available and the range of potential estimated ultimate liabilities, the Company believes that the unpaid loss and loss expense reserves for North America and Global (Non-U.S.) specialty casualty, North America and Global (Non-U.S.) credit/surety lines of business and other potentially exposed classes of business contemplate a reasonable provision for exposures related to the effect of increased financial stress in the world economies. The Company is unaware of any specific issues that would materially affect its unpaid loss and loss expenses estimates related to this exposure.

(d) Asbestos and Environmental Claims

The Company's net reserves for unpaid losses and loss expenses at December 31, 2010 and 2009 included $214 million and $232 million, respectively, that represent estimates of its net ultimate liability for asbestos and environmental claims. The gross liability for such claims at December 31, 2010 and 2009 was $222 million and $239 million, respectively, which primarily relate to Paris Re's gross liability for asbestos and environmental claims for pre-2006 accident years of $144 million and $159 million, respectively, with any favorable or adverse

development being subject to the Reserve Agreement. Of the remaining $78 million and $80 million, respectively, in gross reserves, the majority of the reserves relate to casualty exposures in the United States arising from business written by PartnerRe SA and PartnerRe U.S.

Ultimate loss estimates for such claims cannot be estimated using traditional reserving techniques and there are significant uncertainties in estimating the amount of the Company's potential losses for these claims. In view of the legal and tort environment that affect the development of such claims, the uncertainties inherent in estimating asbestos and environmental claims are not likely to be resolved in the near future. There can be no assurance that the reserves established by the Company will not be adversely affected by development of other latent exposures, and further, there can be no assurance that the reserves established by the Company will be adequate. The Company does, however, actively evaluate potential exposure to asbestos and environmental claims and establishes additional reserves as appropriate. The Company believes that it has made a reasonable provision for these exposures and is unaware of any specific issues that would materially affect its unpaid losses and loss expense reserves related to this exposure.

(e) Policy Benefits for Life and Annuity Contracts

The Life segment reported net adverse development for prior accident years of $12 million and $24 million for the years ended December 31, 2010 and 2008, respectively, and net favorable development for prior accident years of $15 million for the year ended December 31, 2009.

The net adverse prior year loss development of $12 million in 2010 was primarily driven by adverse development of $23 million due to an improvement in the mortality trend related to an impaired life annuity treaty in the longevity line and adverse development on certain mortality treaties. This adverse development was partially offset by favorable prior year loss development of $17 million resulting from the guaranteed minimum death benefit (GMDB) business, where the payout is linked to the performance of underlying capital market assets, driven by new cedant information and updated assumptions.

The net favorable development in 2009 and the net adverse development in 2008 was mainly driven by the GMDB business. Such development was $16 million favorable and $33 million unfavorable for the years ended December 31, 2009 and 2008, respectively.

The Company used interest rate assumptions to estimate its liabilities for policy benefits for life and annuity contracts which ranged from 1.0% to 6.0% at December 31, 2010 and 2009.

10. Reinsurance

(a) Reinsurance Recoverable on Paid and Unpaid Losses

The Company uses retrocessional agreements to reduce its exposure to risk of loss on reinsurance assumed. These agreements provide for recovery from retrocessionaires of a portion of losses and loss expenses. The Company remains liable to its cedants to the extent that the retrocessionaires do not meet their obligations under these agreements, and therefore the Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk on an ongoing basis. The Company actively manages its reinsurance exposures by generally selecting retrocessionaires having a credit rating of A- or higher. In certain cases where an otherwise suitable retrocessionaire has a credit rating lower than A-, the Company generally requires the posting of collateral, including escrow funds and letters of credit, as a condition to its entering into a retrocession agreement. The selection of retrocessionaires follows a precise qualitative and quantitative process. The Company regularly reviews its reinsurance recoverable balances to estimate an allowance for uncollectible amounts based on quantitative and qualitative factors. The allowance for uncollectible reinsurance recoverable was $6.9 million and $6.8 million at December 31, 2010 and 2009, respectively.

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Notes to Consolidated Financial Statements—(Continued)

Paris Re reinsured property catastrophe and per risk excess-of-loss business for its 2008 and 2007 accident years through a 24% quota share treaty to Triomphe Re Ltd. (Triomphe Re), a special purpose reinsurance company domiciled in Bermuda. Reinsurance balances recoverable from Triomphe Re at December 31, 2010 and 2009 are $16.8 million and $28.4 million, respectively. Triomphe Re's obligations under this agreement are collateralized by cash and other liquid assets held in a trust, including Triomphe Re's capital, as well as premiums. At December 31, 2010 and 2009, Triomphe Re's capitalization is approximately $19 million and $33 million, respectively.

(b) Ceded Reinsurance

Net premiums written, net premiums earned and losses and loss expenses and life policy benefits are reported net of reinsurance in the Company's Consolidated Statements of Operations. Assumed, ceded and net amounts for the years ended December 31, 2010, 2009 and 2008 were as follows (in thousands of U.S. dollars):

	Premiums Written	Premiums Earned	Losses and Loss Expenses and Life Policy Benefits
2010			
Assumed	**$ 4,885,266**	**$ 4,956,897**	**$ 3,399,157**
Ceded	**180,150**	**180,426**	**115,539**
Net	**$ 4,705,116**	**$ 4,776,471**	**$ 3,283,618**
2009			
Assumed	$ 4,000,888	$ 4,202,379	$ 2,313,951
Ceded	52,184	82,554	18,655
Net	$ 3,948,704	$ 4,119,825	$ 2,295,296
2008			
Assumed	$ 4,028,248	$ 3,967,704	$ 2,613,434
Ceded	38,813	39,680	4,214
Net	$ 3,989,435	$ 3,928,024	$ 2,609,220

11. Debt

Long-term Debt

In October 2005, the Company entered into a loan agreement with Citibank, N.A., under which the Company borrowed $400 million. The loan had an original maturity of April 27, 2009 and bore interest quarterly at a floating rate of 3-month LIBOR plus 0.50%. In July 2008, under the terms of a loan amendment entered into with Citibank N.A., the maturity of half of the original $400 million loan was extended to July 12, 2010 with interest quarterly at a floating rate of 3-month LIBOR plus 0.50% through April 27, 2009 and at a rate of 3-month LIBOR plus 0.85% thereafter.

On January 14, 2009, the Company elected to repay the first half of the original $400 million loan that was due on April 27, 2009.

On July 12, 2010, the Company repaid the $200 million remaining half of the original $400 million loan.

The Company incurred interest expense of $1.2 million, $3.9 million and $15.2 million and paid interest of $1.6 million, $6.3 million and $16.1 million for the years ended December 31, 2010, 2009 and 2008, respectively, in relation to this loan.

Senior Notes

On March 10, 2010, PartnerRe Finance B LLC (PartnerRe Finance B), an indirect wholly-owned subsidiary of the Company, issued $500 million aggregate principal amount of 5.500% Senior Notes (2010 Senior Notes, or collectively with the 2008 Senior Notes defined below referred to as Senior Notes). The 2010 Senior Notes will mature on June 1, 2020 and may be redeemed at the option of the issuer, in whole or in part, at any time. Interest payments on the 2010 Senior Notes commenced on June 1, 2010 and is payable semi-annually at an annual fixed rate of 5.500%, and cannot be deferred.

The 2010 Senior Notes are ranked as senior unsecured obligations of PartnerRe Finance B. The Company has fully and unconditionally guaranteed all obligations of PartnerRe Finance B under the 2010 Senior Notes. The Company's obligations under this guarantee are senior and unsecured and rank equally with all other senior unsecured indebtedness of the Company. The proceeds from the 2010 Senior Notes were used for general corporate purposes.

Contemporaneously, PartnerRe U.S. Holdings, a wholly-owned subsidiary of the Company, issued a 5.500% promissory note, with a principal amount of $500 million to PartnerRe Finance B. Under the terms of the promissory note, PartnerRe U.S. Holdings promises to pay to PartnerRe Finance B the principal amount on June 1, 2020, unless previously paid. Interest on the promissory note commenced on June 1, 2010 and is payable semi-annually at an annual fixed rate of 5.500%, and cannot be deferred.

For the year ended December 31, 2010, the Company incurred interest expense of $21.8 million and paid interest of $19.6 million in relation to the 2010 Senior Notes issued by PartnerRe Finance B.

In May 2008, PartnerRe Finance A LLC (PartnerRe Finance A), an indirect wholly-owned subsidiary of the Company, issued $250 million aggregate principal amount of 6.875% Senior Notes (2008 Senior Notes, or collectively with 2010 Senior Notes referred to as Senior Notes). The 2008 Senior Notes will mature on June 1, 2018 and may be redeemed at the option of the issuer, in whole or in part, at any time. Interest on the 2008 Senior Notes is payable semi-annually and commenced on December 1, 2008 at an annual fixed rate of 6.875%, and cannot be deferred.

The 2008 Senior Notes are ranked as senior unsecured obligations of PartnerRe Finance A. The Company has fully and unconditionally guaranteed all obligations of PartnerRe Finance A under the 2008 Senior Notes. The Company's obligations under this guarantee are senior and unsecured and rank equally with all other senior unsecured indebtedness of the Company. The proceeds from the 2008 Senior Notes were used to redeem an outstanding bank loan and the remaining net proceeds were used for general corporate purposes.

Contemporaneously, PartnerRe U.S. Holdings issued a 6.875% promissory note, with a principal amount of $250 million to PartnerRe Finance A. Under the terms of the promissory note, PartnerRe U.S. Holdings promises to pay to PartnerRe Finance A the principal amount on June 1, 2018, unless previously paid. Interest on the promissory note is payable semi-annually and commenced on December 1, 2008 at an annual fixed rate of 6.875%, and cannot be deferred.

For the years ended December 31, 2010, 2009 and 2008, the Company incurred interest expense of $17.2 million, $17.2 million and $10.2 million, respectively, and paid interest of $17.2 million, $17.2 million and $8.8 million, respectively, in relation to the 2008 Senior Notes issued by PartnerRe Finance A.

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Capital Efficient Notes (CENts)

In November 2006, PartnerRe Finance II Inc. (PartnerRe Finance II), an indirect wholly-owned subsidiary of the Company, issued $250 million aggregate principal amount of 6.440% Fixed-to-Floating Rate Junior Subordinated CENts. The CENts will mature on December 1, 2066 and may be redeemed at the option of the issuer, in whole or in part, after December 1, 2016 or earlier upon occurrence of specific rating agency or tax events. Interest on the CENts is payable semi-annually and commenced on June 1, 2007 through to December 1, 2016 at an annual fixed rate of 6.440% and will be payable quarterly thereafter until maturity at an annual rate of 3-month LIBOR plus a margin equal to 2.325%.

PartnerRe Finance II may elect to defer one or more interest payments for up to ten years, although interest will continue to accrue and compound at the rate of interest applicable to the CENts. The CENts are ranked as junior subordinated unsecured obligations of PartnerRe Finance II. The Company has fully and unconditionally guaranteed on a subordinated basis all obligations of PartnerRe Finance II under the CENts. The Company's obligations under this guarantee are unsecured and rank junior in priority of payments to the Company's Senior Notes.

Contemporaneously, PartnerRe U.S. Holdings issued a 6.440% Fixed-to-Floating Rate promissory note, with a principal amount of $257.6 million to PartnerRe Finance II. Under the terms of the promissory note, PartnerRe U.S. Holdings promises to pay to PartnerRe Finance II the principal amount on December 1, 2066, unless previously paid. Interest on the promissory note is payable semi-annually and commenced on June 1, 2007 through to December 1, 2016 at an annual fixed rate of 6.440% and will be payable quarterly thereafter until maturity at an annual rate of 3-month LIBOR plus a margin equal to 2.325%.

On March 2, 2009, the Company announced the commencement of a cash tender offer for any and all of the CENts. Under the terms of the tender offer, PartnerRe Finance II paid holders $500 per $1,000 principal amount of CENts tendered. In addition, holders of the CENts were paid any accrued and unpaid interest on the purchased CENts from the last interest payment date.

On March 13, 2009, PartnerRe Finance II purchased approximately 75% of the issue, or $186.6 million, for $93.3 million. Contemporaneously, under the terms of a cross receipt agreement, PartnerRe U.S. Holdings paid PartnerRe Finance II consideration of $93.3 million for the extinguishment of $186.6 million of the principal amount of PartnerRe U.S. Holdings' 6.440% Fixed-to-Floating Rate promissory note due December 1, 2066. All other terms and conditions of the remaining CENts and promissory note remain unchanged. A pre-tax gain of $88.4 million, net of deferred issuance costs and fees, was realized on the foregoing transactions. The aggregate principal amount of the CENts and promissory note outstanding at December 31, 2010 was $63.4 million and $71.0 million, respectively.

For the years ended December 31, 2010, 2009 and 2008, the Company incurred interest expense of $4.6 million, $7.0 million and $16.6 million, respectively, and paid interest of $4.6 million, $8.0 million and $16.6 million, respectively.

12. Shareholders' Equity

Authorized Shares

At December 31, 2010 and 2009, the total authorized shares of the Company were 200 million shares, par value $1.00 per share, as follows (in millions of shares):

	2010	2009
Designated common shares	**130.0**	130.0
Designated 6.75% Series C cumulative redeemable preferred shares	**11.6**	11.6
Designated 6.5% Series D cumulative redeemable preferred shares	**9.2**	9.2
Designated and redeemed preference shares	**14.0**	14.0
Undesignated	**35.2**	35.2
	200.0	200.0

Common Shares

Share repurchases

During 2010, the Company repurchased, under its authorized share repurchase program, 14.0 million of its common shares at a total cost of $1,082.6 million, representing an average cost of $77.10 per share. At December 31, 2010, the Company had approximately 6.5 million common shares remaining under its current share repurchase authorization and approximately 14.0 million common shares were held in treasury and are available for reissuance (see Note 24).

During 2009, no shares were repurchased. During 2008, the Company repurchased 1.5 million of its common shares pursuant to its repurchase program at a total cost of $110.0 million, representing an average cost of $71.79 per share.

Share issuance

During 2010, the Company's remaining $200 million forward sale agreement matured. The Company did not deliver any common shares to the forward counterparty (see Note 19).

During 2009, and pursuant to the acquisition of Paris Re, the Company issued 25.7 million common shares, of which 1.3 million common shares were reissued from treasury.

During 2008, under a maturing forward sale agreement, the Company delivered 3.4 million common shares to the forward counterparty over a 40 day valuation period for total proceeds of $211.6 million. The value received per share was the average daily market price per share over the valuation period, subject to a minimum price per share of $59.37 (see Note 19).

Series C Cumulative Preferred Shares

In May 2003, the Company issued 11.6 million of 6.75% Series C cumulative redeemable preferred shares (Series C preferred shares) for a total consideration of $280.9 million after underwriting discounts and commissions totaling $9.1 million. The Company may redeem the Series C preferred shares at $25.00 per share plus accrued and unpaid dividends without interest. Dividends on the Series C preferred shares are cumulative from the date of issuance and are payable quarterly in arrears. In the event of liquidation of the Company, the holders of outstanding preferred shares would have preference over the common shareholders and would receive a distribution of $25.00 per share, or an aggregate value of $290 million, plus accrued and unpaid dividends.

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Series D Cumulative Preferred Shares

In November 2004, the Company issued 9.2 million of 6.5% Series D cumulative redeemable preferred shares (Series D preferred shares) for a total consideration of $222.3 million after underwriting discounts and commissions totaling $7.7 million. The Company may redeem the Series D preferred shares at $25.00 per share plus accrued and unpaid dividends without interest. Dividends on the Series D preferred shares are cumulative from the date of issuance and are payable quarterly in arrears. In the event of liquidation of the Company, the holders of outstanding preferred shares would have preference over the common shareholders and would receive a distribution of $25.00 per share, or an aggregate value of $230 million, plus accrued and unpaid dividends.

13. Net Income per Share

The reconciliation of basic and diluted net income per share for the years ended December 31, 2010, 2009 and 2008 is as follows (in thousands of U.S. dollars or shares, except per share amounts):

	For the year ended December 31, 2010	For the year ended December 31, 2009 (1)	For the year ended December 31, 2008
Numerator:			
Net income	**$ 852,552**	$ 1,536,854	$ 46,567
Less: preferred dividends	**(34,525)**	(34,525)	(34,525)
Net income available to common shareholders	**$ 818,027**	$ 1,502,329	$ 12,042
Denominator:			
Weighted average number of common shares outstanding—basic	**76,839.5**	62,786.2	54,347.1
Share options and other (2)	**1,394.8**	1,104.4	1,292.5
Weighted average number of common shares and common share equivalents outstanding—diluted	**78,234.3**	63,890.6	55,639.6
Basic net income per share	**$ 10.65**	$ 23.93	$ 0.22
Diluted net income per share	**$ 10.46**	$ 23.51	$ 0.22

(1) Net income and net income available to common shareholders include $4.3 million, and basic net income per share and diluted net income per share include $0.07 per share related to the noncontrolling interests' share of Paris Re's net income for the period from October 2, 2009 to December 7, 2009.

(2) At December 31, 2010, 2009 and 2008, share options to purchase 489.7 thousand, 387.0 thousand and 870.1 thousand common shares, respectively, were excluded from the calculation of diluted weighted average number of common shares and common share equivalents outstanding because their exercise prices were greater than the average market price of the common shares.

14. Dividend Restrictions and Statutory Requirements

The Company's ability to pay common and preferred shareholders' dividends and its corporate expenses is dependent mainly on cash dividends from Partner Reinsurance, PartnerRe Europe and PartnerRe U.S. (collectively, the reinsurance subsidiaries), which are the Company's most significant subsidiaries. The payment of such dividends by the reinsurance subsidiaries to the Company is limited under Bermuda and Irish laws and certain statutes of various U.S. states in which PartnerRe U.S. is licensed to transact business. The restrictions are generally based on net income and/or certain levels of policyholders' earned surplus as determined in accordance

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with the relevant statutory accounting practices. As of December 31, 2010, there were no significant restrictions on the payment of dividends by the Company's reinsurance subsidiaries that would limit the Company's ability to pay common and preferred shareholders' dividends and its corporate expenses.

The reinsurance subsidiaries are required to file annual statements with insurance regulatory authorities prepared on an accounting basis prescribed or permitted by such authorities (statutory basis), maintain minimum levels of solvency and liquidity and comply with risk-based capital requirements and licensing rules. As of December 31, 2010, the reinsurance subsidiaries' solvency, liquidity and risk-based capital amounts were in excess of the minimum levels required. The typical adjustments to insurance statutory basis amounts to convert to U.S. GAAP include elimination of certain statutory reserves, deferral of certain acquisition costs, recognition of goodwill, intangible assets and deferred income taxes, valuation of bonds at fair value and presentation of ceded reinsurance balances gross of assumed balances.

The statutory net income of the Company's reinsurance subsidiaries for the years ended December 31, 2010, 2009 and 2008 was as follows (in millions of U.S. dollars):

	2010 (unaudited estimated)	2009	2008
Partner Reinsurance	**$ 494**	$ 1,044	$ 485
PartnerRe Europe	**198**	307	(137)
PartnerRe U.S.	**147**	89	(30)

The following table summarizes the statutory shareholders' equity of the Company's reinsurance subsidiaries as of December 31, 2010 and 2009 (in millions of U.S. dollars):

	2010 (unaudited estimated)	2009
Partner Reinsurance	**$ 3,097**	$ 3,100
PartnerRe Europe	**1,430**	1,549
PartnerRe U.S.	**1,197**	793

At December 31, 2010 and 2009, the Company has Swiss and French operations that are branches of PartnerRe Europe and are regulated by the Irish Financial Regulatory Authority, as prescribed by the EU Reinsurance Directive.

15. Taxation

The Company and its Bermuda domiciled subsidiaries are not subject to Bermuda income or capital gains tax under current Bermuda law. In the event that there is a change in current law such that taxes on income or capital gains are imposed, the Company and its Bermuda domiciled subsidiaries would be exempt from such tax until March 2016 pursuant to the Bermuda Exempted Undertakings Tax Protection Act of 1966.

The Company has subsidiaries and branches that operate in various other jurisdictions around the world that are subject to tax in the jurisdictions in which they operate. The significant jurisdictions in which the Company's subsidiaries and branches are subject to tax are Canada, France, Ireland, Switzerland and the United States.

The Company is currently under examination in Switzerland for the tax years 2008-2009, in the United States for tax year 2008, in Canada for tax years 2006-2007 and in France for tax years 2008-2009. Income tax returns are open for examination for the tax years 2006-2010 in Switzerland, Canada and Ireland, 2007-2010 in

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the United States and 2008-2010 in France. As a global organization, the Company may be subject to a variety of transfer pricing or permanent establishment challenges by taxing authorities in various jurisdictions. Management believes that adequate provision has been made in the Consolidated Financial Statements for any potential assessments that may result from tax examinations for all open tax years.

Income tax expense for the years ended December 31, 2010, 2009 and 2008 was as follows (in thousands of U.S. dollars):

	2010	2009	2008
Current income tax expense (benefit)			
U.S.	**$ 28,180**	$ 43,020	$ (31,071)
Non U.S.	**36,706**	47,980	107,360
Total current income tax expense	**$ 64,886**	$ 91,000	$ 76,289
Deferred income tax expense (benefit)			
U.S.	**$ 46,988**	$ 83,583	$ (44,673)
Non U.S.	**4,738**	86,837	(56,111)
Total deferred income tax expense (benefit)	**$ 51,726**	$ 170,420	$ (100,784)
Unrecognized tax expense (benefit)			
U.S.	**$ —**	$ (461)	$ —
Non U.S.	**12,172**	1,131	34,200
Total unrecognized tax expense	**$ 12,172**	$ 670	$ 34,200
Total income tax expense (benefit)			
U.S.	**$ 75,168**	$ 126,142	$ (75,744)
Non U.S.	**53,616**	135,948	85,449
Total income tax expense	**$ 128,784**	$ 262,090	$ 9,705

The following table is a reconciliation of the actual income tax rate for the years ended December 31, 2010, 2009 and 2008 to the amount computed by applying the effective tax rate of 0% under Bermuda law to income before taxes (in thousands of U.S. dollars):

	2010	2009	2008
Net income	**$ 852,552**	$ 1,536,854	$ 46,567
Income tax expense	**128,784**	262,090	9,705
Income before taxes	**$ 981,336**	$ 1,798,944	$ 56,272
Reconciliation of effective tax rate (% of income before taxes)			
Expected tax rate	**0.0%**	0.0%	0.0%
Foreign taxes at local expected tax rates	**14.9**	14.2	(117.6)
Impact of foreign exchange gains	**(3.4)**	(0.4)	(25.9)
Unrecognized tax benefit	**1.2**	—	26.6
Tax-exempt income and expenses not deductible	**(0.7)**	(1.2)	167.1
Impact of enacted changes in tax laws	**(1.9)**	(0.1)	(15.0)
Valuation allowance	**2.0**	—	—
Other	**1.0**	2.1	(18.0)
Actual tax rate	**13.1%**	14.6%	17.2%

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Deferred tax assets and liabilities reflect the tax impact of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. Significant components of the net deferred tax assets and liabilities as of December 31, 2010 and 2009 were as follows (in thousands of U.S. dollars):

	2010	2009
Deferred tax assets		
Discounting of loss reserves and adjustment to life policy reserves	**$ 62,591**	$ 89,967
Foreign tax credit carryforwards	**17,845**	—
Tax loss carryforwards	**4,723**	17,270
Unearned premiums	**20,191**	19,550
Other deferred tax assets	**9,319**	3,156
	114,669	129,943
Valuation allowance	**(19,642)**	—
Deferred tax assets	**95,027**	129,943
Deferred tax liabilities		
Deferred acquisition costs	**47,152**	46,744
Goodwill and other intangibles	**73,174**	81,455
Equalization reserves	**113,293**	99,785
Unrealized appreciation and timing differences on investments	**82,226**	70,114
Other deferred tax liabilities	**32,877**	33,431
Deferred tax liabilities	**348,722**	331,529
Net deferred tax liabilities	**$ (253,695)**	$ (201,586)

The net tax assets and liabilities and their components at December 31, 2010 and 2009 were as follows (in thousands of U.S. dollars):

	2010	2009
Net tax assets	**$ 14,960**	$ 79,044
Net tax liabilities	**(316,325)**	(444,789)
Net tax liabilities	**$ (301,365)**	$ (365,745)

	2010	2009
Net current tax assets (liabilities)	**$ 3,859**	$ (121,680)
Net deferred tax liabilities	**(253,695)**	(201,586)
Net unrecognized tax benefit	**(51,529)**	(42,479)
Net tax liabilities	**$ (301,365)**	$ (365,745)

Realization of the deferred tax asset is dependent on generating sufficient taxable income in future periods. Although realization is not assured, Management believes that it is more likely than not that the deferred tax asset will be realized. The valuation allowance recorded as of December 31, 2010 related to foreign tax credit carryforwards in Ireland of $17.8 million, with the balance related to certain tax loss carryforwards.

At December 31, 2010 and 2009, the deferred tax assets (after valuation allowance) of $2.9 million and $17.2 million, respectively, related to capital loss carryforwards in the United States, which can be carried forward for five years.

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Notes to Consolidated Financial Statements—(Continued)

The total amount of unrecognized tax benefits for the years ended December 31, 2010, 2009 and 2008 was as follows (in thousands of U.S. dollars):

	January 1, 2010	Changes in tax positions taken during a prior period	Tax positions taken during the current period	Change as a result of a lapse of the statute of limitations	Impact of the change in foreign currency exchange rates	December 31, 2010
Unrecognized tax benefits that, if recognized, would impact the effective tax rate	**$ 41,935**	**$ 13,215**	**$ 2,578**	**$ (3,254)**	**$ (2,945)**	**$ 51,529**
Interest and penalties recognized on the above	**544**	**104**	**—**	**(471)**	**(177)**	**—**
Total unrecognized tax benefits, including interest and penalties	**$ 42,479**	**$ 13,319**	**$ 2,578**	**$ (3,725)**	**$ (3,122)**	**$ 51,529**

	January 1, 2009	Changes in tax positions taken during a prior period	Tax positions taken during the current period	Change as a result of a lapse of the statute of limitations	Impact of the change in foreign currency exchange rates	Unrecognized tax benefits of Paris Re	December 31, 2009
Unrecognized tax benefits that, if recognized, would impact the effective tax rate	$ 39,208	$ 2,053	$ 21	$ (1,428)	$ 623	$ 1,458	$ 41,935
Interest and penalties recognized on the above	559	347	—	(362)	—	—	544
Total unrecognized tax benefits, including interest and penalties	$ 39,767	$ 2,400	$ 21	$ (1,790)	$ 623	$ 1,458	$ 42,479

	January 1, 2008	Changes in tax positions taken during a prior period	Tax positions taken during the current period	Change as a result of a lapse of the statute of limitations	Impact of the change in foreign currency exchange Rates	December 31, 2008
Unrecognized tax benefits that, if recognized, would impact the effective tax rate	$ 24,613	$ 8,264	$ 3,034	$ 3,325	$ (28)	$ 39,208
Interest and penalties recognized on the above	190	370	—	—	(1)	559
Total unrecognized tax benefits, including interest and penalties	$ 24,803	$ 8,634	$ 3,034	$ 3,325	$ (29)	$ 39,767

For the years ended December 31, 2010, 2009 and 2008, there were no unrecognized tax benefits that, if recognized, would create a temporary difference between the reported amount of an item in the Company's Consolidated Balance Sheets and its tax basis. The Company recognizes interest and penalties as income tax expense in its Consolidated Statements of Operations.

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Notes to Consolidated Financial Statements—(Continued)

The total amount of unrecognized tax benefits for which it is reasonably possible to change within twelve months was $31.1 million at December 31, 2010, which primarily relates to the expected expiration of the statute of limitations related to foreign exchange revaluation and various intra-group transactions in Europe.

16. Share-Based Awards

Employee Equity Plan

In May 2005, the shareholders approved the PartnerRe Ltd. 2005 Employee Equity Plan (EEP). The EEP permits the grant of share options, RS, RSUs, SSARs or other share-based awards to employees of the Company. The EEP is administered by the Compensation and Management Development Committee of the Board (the Committee).

In May 2008 and in September 2009 (in connection with the acquisition of Paris Re), the shareholders approved an allocation of an additional 0.6 million shares and 0.4 million shares, respectively, to the EEP. Currently, the plan permits the grant of up to 3.3 million shares, of which a total of 1.7 million shares can be issued as either RS or RSUs and 1.6 million shares can be issued as share options or SSARs. If an award under the EEP is cancelled or forfeited without the delivery of the full number of shares underlying such award, only the net number of shares actually delivered to the participant will be counted against the EEP's authorized shares. Under the EEP, the exercise price of the award will not be less than the fair value of the award at the time of grant. The fair value is defined in the EEP as the closing price reported on the grant date. Awards issued under the EEP generally vest over 3 years of continuous service, either ratably or with a cliff-vest provision, are expensed ratably over the vesting period and have a ten year contractual term. Participants in the EEP are eligible to receive dividends, which the Company records as an expense, on RSUs that are unvested. Shares available for grant under the previous plan at the time of replacement were transferred and became available for grant under the EEP. At December 31, 2010, 0.9 million shares remained available for issuance under this plan.

Certain awards to certain senior executives will, if the Committee intends such award to qualify as "qualified performance based compensation" under Section 162(m) of the Internal Revenue Code (IRC), become earned and payable only if pre-established targets relating to one or more of the following performance measures are achieved: (i) earnings per share, (ii) financial year return on common equity, (iii) underwriting year return on equity, (iv) return on net assets, (v) organizational objectives, and (vi) premium growth. The individual maximum number of shares underlying any such share-denominated award granted in any year will be 0.8 million shares, and the individual maximum amount earned with respect to any such non-share denominated award granted in any year will be $5.0 million.

In September 2009, in connection with the acquisition of Paris Re, the shareholders approved an amendment to the EEP to increase the number of shares available for issuance by 0.4 million shares, of which 0.3 million may be awarded as RS or RSUs. As part of the acquisition of Paris Re, the Company issued replacement share options, RSUs, and warrants to holders of Paris Re share options, RSUs and warrants. These replacement awards were issued under the terms and conditions of the Paris Re 2006 Equity Purchase Plan, Paris Re 2006 Equity Incentive Plan, Paris Re 2006 Executive Equity Incentive Plan and Paris Re 2007 Equity Incentive Plan and were not considered to be grants under the Company's EEP.

Non-Employee Directors' Stock Plan

The 2003 Non-Employee Directors Stock Plan (Directors' Stock Plan), which was approved by the Company's shareholders, permits the grant of up to 0.8 million share options, RS, RSUs, alternative awards and other share-based awards. Under the Directors' Stock Plan, the exercise price of the share options will be

equivalent to the fair value of the share options at the time of grant. The fair value is defined in the Directors' Stock Plan as the closing price reported on the grant date. Option awards issued under the Directors' Stock Plan generally vest at the time of grant and are expensed immediately and have a ten year contractual term. Prior to May 2010, RSU awards issued under the Directors' Stock Plan generally vested at the time of grant with a delivery date restriction of one year and were expensed immediately. With effect from May 2010, RSUs are awarded on an annual basis and have a five year cliff vest with no delivery restrictions and are expensed over the vesting period. Before the grant date, directors must elect to receive their awards in the form of either 100% RSUs, or split, with 60% of the award being RSUs and 40% of the award being cash upon delivery. At December 31, 2010, 0.2 million shares remained available for issuance under this plan.

Employee Share Purchase Plan

The Employee Share Purchase Plan (ESPP), which was approved by the Company's shareholders, has a twelve month offering period with two purchase periods of six months each. All employees are eligible to participate in the ESPP and can contribute between 1% and 10% of their base salary toward the purchase of the Company's shares up to the limit set by the IRC. Employees who enroll in the ESPP may purchase the Company's shares at a 15% discount of the lower fair value on either the enrolment date or purchase date. Participants in the ESPP are eligible to receive dividends on their shares as of the purchase date. A total of 0.6 million common shares may be issued under the ESPP.

Swiss Share Purchase Plan

The Swiss Share Purchase Plan (SSPP) has two offering periods per year with two purchase periods of six months each. All full-time Swiss employees are eligible to participate in the SSPP and can contribute between 1% and 8% of their base salary toward the purchase of the Company's shares up to a maximum of 5,000 Swiss francs per annum. Employees who enroll in the SSPP may purchase the Company's shares at a 40% discount of the fair value on the purchase date. There is a restriction on transfer or sale of these shares for a period of two years following purchase. Participants in the SSPP are eligible to receive dividends on their shares as of the purchase date. A total of 0.2 million common shares may be issued under the SSPP.

Share-Based Compensation

Under each of the Company's equity plans, the Company issues new shares upon the exercise of share options or the conversion of RSUs and SSARs into shares.

For the years ended December 31, 2010, 2009 and 2008, the Company's share-based compensation expense was $33.5 million, $21.7 million and $28.1 million, respectively, with a tax benefit of $1.3 million, $2.2 million and $2.0 million, respectively.

Share Options

The following table summarizes the activity related to options granted and exercised for the years ended December 31, 2010, 2009 and 2008. There were no material tax impacts related to the options exercised by employees of the Company's U.S. subsidiaries.

	2010	**2009**	**2008**
Options granted	**91,817**	598,698	119,052
Weighted average grant date fair value of options granted	**$ 10.29**	$ 7.95	$ 11.07
Options exercised	**860,154**	250,400	153,146
Total intrinsic value of options exercised (in millions of U.S. dollars)	**$ 21.0**	$ 5.0	$ 3.4
Proceeds from option exercises (in millions of U.S. dollars)	**$ 37.2**	$ 12.7	$ 8.1

The activity related to the Company's share options for the year ended December 31, 2010 was as follows:

	Options	Weighted Average Exercise Price
Outstanding at January 1, 2010	2,734,218	$ 59.02
Granted	91,817	75.96
Exercised	(860,154)	54.04
Forfeited or expired	(29,786)	70.84
Outstanding at December 31, 2010	1,936,095	61.86
Options exercisable at December 31, 2010	1,917,711	61.83
Options vested and expected to vest at December 31, 2010	1,940,988	61.98

The weighted average remaining contractual term and the aggregate intrinsic value of share options outstanding, exercisable, vested and expected to vest at December 31, 2010, was 4.0 years and $36.3 million, respectively.

The Company values share options issued with a Black-Scholes valuation model and used the following assumptions for the years ended December 31, 2010, 2009 and 2008:

	2010	2009	2008
Expected life	**6 years**	3 years	6 years
Expected volatility	**15.8%**	15.8%	15.9%
Risk-free interest rate	**2.8%**	2.8%	3.2%
Dividend yield	**2.7%**	2.7%	2.5%

The expected life of the replacement share options issued as part of the acquisition of Paris Re in 2009 was assumed to be 3 years. The expected life of all other share options issued during the years ended December 31, 2010, 2009 and 2008 was assumed to be 6 years. Expected volatility is based on the historical volatility of the Company's common shares over a period equivalent to the expected life of the Company's share options. The risk-free interest rate is based on the market yield of U.S. treasury securities with maturities equivalent to the expected life of the Company's share options. The dividend yield is based on the average dividend yield of the Company's shares over the expected life of the Company's share options.

Restricted Share Units

During the years ended December 31, 2010, 2009 and 2008, the Company issued 374,366 RSUs, 607,173 RSUs and 241,458 RSUs with a weighted average grant date fair value of $79.18, $75.09 and $77.19, respectively. The Company values RSUs issued under all plans at the fair value of its common shares at the time of grant, as defined by the plan document.

The activity related to the Company's RSUs for the year ended December 31, 2010 was as follows:

	RSUs
Outstanding at January 1, 2010	1,192,040
Granted	374,366
Released	(677,631)
Forfeited	(20,773)
Outstanding at December 31, 2010	868,002

The RSUs that vested during the years ended December 31, 2010 and 2009 had a fair value of $30.9 million and $9.6 million, respectively.

Of the 868,002 RSUs outstanding at December 31, 2010, 54,221 are subject to a five year delivery date restriction from the grant date and were not released for conversion into shares.

Total unrecognized share-based compensation expense related to unvested RSUs was approximately $20.1 million at December 31, 2010, which is expected to be recognized over a weighted-average period of 2.0 years.

Share-Settled Share Appreciation Rights (SSARs)

During the years ended December 31, 2010, 2009 and 2008, the Company issued 450,568 SSARs, 105,344 SSARs, and 339,920 SSARs with a weighted average grant date fair value of $10.45, $8.42 and $11.50, respectively.

The activity related to the Company's SSARs for the year ended December 31, 2010 was as follows:

	SSARs
Outstanding at January 1, 2010	926,882
Granted	450,568
Exercised	(22,300)
Forfeited or expired	(17,800)
Outstanding at December 31, 2010	1,337,350
Exercisable at December 31, 2010	828,203

Total unrecognized share-based compensation expense related to unvested SSARs was approximately $3.2 million at December 31, 2010, which is expected to be recognized over a weighted-average period of 2.1 years.

The Company values SSARs issued with a Black-Scholes valuation model and used the following assumptions for the years ended December 31, 2010, 2009 and 2008:

	2010	2009	2008
Expected life	**6 years**	6 years	6 years
Expected volatility	**15.8%**	15.4%	16.0%
Risk-free interest rate	**2.8%**	2.7%	3.3%
Dividend yield	**2.7%**	2.6%	2.6%

In determining the weighted average assumptions used, the Company used the same methodology as described in share options above.

Warrants

In 2009, the Company issued 27,655 replacement warrants as part of the acquisition of Paris Re. At December 31, 2010, 23,263 warrants are outstanding and fully vested with a weighted average remaining contractual life of 6 years and a weighted average exercise price of $36.58. During the year ended December 31, 2010, 4,268 warrants were exercised with a weighted average exercise price of $36.58.

17. Retirement Benefit Arrangements

For employee retirement benefits, the Company maintains certain defined contributions plans and other active and frozen defined benefit plans. The majority of the defined benefit obligation at December 31, 2010 relates to the active defined benefit plan for the Company's Zurich office employees (the Zurich Plan).

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Notes to Consolidated Financial Statements—(Continued)

Defined Contribution Plans

Contributions are made by the Company, and in some locations, these contributions are supplemented by the local plan participants. Contributions are based on a percentage of the participant's base salary depending upon competitive local market practice and vesting provisions meeting legal compliance standards and market trends. The accumulated benefits for the majority of these plans vest immediately or over a four-year period. As required by law, certain retirement plans also provide for death and disability benefits and lump sum indemnities to employees upon retirement.

The Company incurred expenses for these defined contribution arrangements of $20.9 million, $18.7 million, and $13.1 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Active Defined Benefit Plan

The Company maintains the Zurich Plan, which is classified as a hybrid plan and accounted for as a defined benefit plan under U.S. GAAP. At December 31, 2010 and 2009, the funded status of the Zurich Plan was as follows (in thousands of U.S. dollars):

	2010	2009
Funded status		
Unfunded pension obligation at beginning of year	**$ 9,117**	$ 16,028
Change in pension obligation		
Service cost	**5,683**	4,980
Interest cost	**3,020**	2,639
Plan participants' contributions	**5,761**	2,435
Actuarial loss (gain)	**7,268**	(9,915)
Benefits paid	**(7,562)**	(7,160)
Foreign currency adjustments	**9,994**	1,702
Change in pension obligation	**24,164**	(5,319)
Change in fair value of plan assets		
Actual return on plan assets	**3,181**	(400)
Employer contributions	**6,025**	5,344
Plan participants' contributions	**5,761**	2,435
Benefits paid	**(7,562)**	(7,160)
Foreign currency adjustments	**8,732**	1,373
Change in fair value of plan assets	**16,137**	1,592
Funded status		
Unfunded pension obligation at end of year	**$ 17,144**	$ 9,117
Additional information:		
Projected benefit obligation	**$ 114,339**	$ 90,175
Accumulated pension obligation	**110,240**	87,320
Fair value of plan assets	**97,195**	81,058

At December 31, 2010 and 2009, the funded status at the end of the year was included in accounts payable, accrued expenses and other in the Consolidated Balance Sheets. The total amounts recognized in accumulated other comprehensive (loss) income at December 31, 2010 and 2009 were $15.2 million (net of $4.1 million of taxes) and $8.8 million (net of $2.3 million of taxes), respectively.

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Notes to Consolidated Financial Statements—(Continued)

The net periodic benefit cost for the years ended December 31, 2010, 2009 and 2008 were $6.1 million, $6.0 million and $4.1 million, respectively.

The investment strategy of the Zurich Plan's Pension Committee is to achieve a consistent long-term return, which will provide sufficient funding for future pension obligations while limiting risk. The expected long-term rate of return on plan assets is based on the expected asset allocation and assumptions concerning long-term interest rates, inflation rates and risk premiums for equities above the risk-free rates of return. These assumptions take into consideration historical long-term rates of return for the relevant asset categories. The investment strategy is reviewed regularly.

The fair values of the Zurich Plan's assets at December 31, 2010 and 2009 were equity funds (Level 1) of $4.3 million and $4.0 million, respectively, and insured funds and cash (Level 2) of $92.9 million and $77.1 million, respectively. The equity funds are primarily publicly quoted open-end funds that invest in a full replication of European benchmark indices. The insured funds comprise the accumulated pension plan contributions and investment returns thereon, which are held in an insurance arrangement that provides at least a guaranteed minimum investment return. The insured funds are held by a collective foundation of AXA Life Ltd. and are guaranteed under the insurance arrangement.

The assumptions used to determine the pension obligation and net periodic benefit cost for the years ended December 31, 2010, 2009 and 2008 were as follows:

	2010		2009		2008	
	Pension obligation	Net periodic benefit cost	Pension obligation	Net periodic benefit cost	Pension obligation	Net periodic benefit cost
Discount rate	**2.75%**	**3.25%**	3.25%	2.75%	2.75%	3.50%
Expected return on plan assets	—	**3.6**	—	3.0	—	3.75
Rate of compensation increase	**3.5**	**3.5**	3.5	3.5	3.5	3.5

At December 31, 2010, estimated employer contributions to be paid in 2011 were $6.0 million and future benefit payments were estimated to be paid as follows (in thousands of U.S. dollars):

Period	Amount
2011	$ 4,689
2012	5,204
2013	5,629
2014	5,292
2015	5,882
2016 to 2020	29,043

The Company does not believe that any plan assets will be returned to the Company during 2011.

18. Commitments and Contingencies

(a) Concentration of Credit Risk

Fixed maturities

The Company's investment portfolio is managed following prudent standards of diversification and a prudent investment philosophy. The Company is not exposed to any significant credit concentration risk on its investments, except for debt securities issued or guaranteed by the U.S. government and other AAA rated sovereign governments. As of December 31, 2010, the Company's fixed maturity investments included $846

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Notes to Consolidated Financial Statements—(Continued)

million, or 11.7% of the Company's total shareholders' equity, of AAA rated debt securities issued by the government of France. As of December 31, 2009, the Company's fixed maturity investments included $814 million, or 10.6% of the Company's total shareholders' equity, of AAA rated debt securities issued by the government of France. The Company keeps cash and cash equivalents in several banks and may keep up to $500 million, excluding custodial accounts, at any point in time in any one bank.

Derivatives

The Company's investment strategy allows for the use of derivative instruments, subject to strict limitations. Derivative instruments may be used to replicate investment positions and manage currency, market exposure and duration risk, or to enhance investment performance that would be allowed under the Company's investment policy if implemented in other ways. The Company is exposed to credit risk in the event of non-performance by the counterparties to the Company's derivative contracts. However, the Company diversifies the counterparties to its derivative contracts to reduce credit risk, and because the counterparties to these contracts are high credit quality international banks, the Company does not anticipate non-performance. These contracts are generally of short duration and settle on a net basis. The difference between the contract amounts and the related market value represents the Company's maximum credit exposure.

Financing receivables

Included in the Company's Other invested assets are certain notes receivable which meet the definition of financing receivables and are accounted for using the cost method of accounting. These notes receivable are collateralized by commercial or residential property. The Company utilizes a third party consultant to determine the initial investment criteria and to monitor the subsequent performance of the notes receivable. The process undertaken prior to the investment in these notes receivables includes an examination of the potential debtors and the underlying collateral. The Company reviews its receivable positions on at least a quarterly basis using actual redemption experience.

Performance of these notes receivable to date has been within expectations. As of December 31, 2010, none of the Company's notes receivable are past due or in default and, accordingly, the Company believes that an allowance for credit losses related to these notes receivable is not required at December 31, 2010.

The Company monitors the performance of the notes receivable based on the type of underlying collateral and by assigning a "performing" or a "non-performing" indicator of credit quality to each individual receivable. As of December 31, 2010, the Company's notes receivable of $55.6 million were all performing and were collateralized by residential property and commercial property of $28.9 million and $26.7 million, respectively.

Underwriting operations

The Company is also exposed to credit risk in its underwriting operations, most notably in the credit/surety line and for alternative risk products. Loss experience in these lines of business is cyclical and is affected by the state of the general economic environment. The Company provides its clients in these lines of business with reinsurance protection against credit deterioration, defaults or other types of financial non-performance of or by the underlying credits that are the subject of the reinsurance provided and, accordingly, the Company is exposed to the credit risk of those credits. The Company mitigates the risks associated with these credit-sensitive lines of business through the use of risk management techniques such as risk diversification, careful monitoring of risk aggregations and accumulations and, at times, through the use of retrocessional reinsurance protection and the purchase of credit default, total return and interest rate swaps.

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Notes to Consolidated Financial Statements—(Continued)

The Company has exposure to credit risk as it relates to its business written through brokers, if any of the Company's brokers is unable to fulfill their contractual obligations with respect to payments to the Company. In addition, in some jurisdictions, if the broker fails to make payments to the insured under the Company's policy, the Company might remain liable to the insured for the deficiency. The Company's exposure to such credit risk is somewhat mitigated in certain jurisdictions by contractual terms.

The Company has exposure to credit risk related to reinsurance balances receivable and reinsurance recoverable on paid and unpaid losses. The credit risk exposure related to these balances is mitigated by several factors, including but not limited to, credit checks performed as part of the underwriting process, monitoring of aged receivable balances and the contractual right to offset premiums receivable or funds held balances against unpaid losses and loss expenses. The Company regularly reviews its reinsurance recoverable balances to estimate an allowance for uncollectible amounts based on quantitative and qualitative factors. As of December 31, 2010 and 2009, the Company has recorded a provision for uncollectible premiums receivable of $12.6 million and $10.3 million, respectively. See also Note 10 for discussion of credit risk related to reinsurance recoverable on paid and unpaid losses.

The Company is also subject to the credit risk of its cedants in the event of insolvency or the cedant's failure to honor the value of funds held balances for any other reason. The funds held – directly managed account is with one cedant and is supported by an underlying portfolio of investments, which are managed by the Company (see Note 5). However, the Company's credit risk in some jurisdictions is mitigated by a mandatory right of offset of amounts payable by the Company to a cedant against amounts due to the Company. In certain other jurisdictions the Company is able to mitigate this risk, depending on the nature of the funds held arrangements, to the extent that the Company has the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by the Company to cedants for losses payable and other amounts contractually due.

(b) Lease Arrangements

The Company leases office space under operating leases expiring in various years through 2019. The leases are renewable at the option of the lessee under certain circumstances. The following is a schedule of future minimum rental payments, exclusive of escalation clauses, on non-cancelable leases as of December 31, 2010 (in thousands of U.S. dollars):

Period	Amount
2011	**$ 34,756**
2012	**31,364**
2013	**16,555**
2014	**12,234**
2015	**8,030**
2016 through 2019	**17,300**
Total future minimum rental payments	**$ 120,239**

Rent expense for the years ended December 31, 2010, 2009 and 2008 was $36.1 million, $30.9 million, and $28.8 million, respectively.

(c) Employment Agreements

The Company has entered into employment agreements with its executive officers. These agreements provide for annual compensation in the form of salary, benefits, annual incentive payments, share-based compensation, the reimbursement of certain expenses, retention incentive payments, as well as certain severance provisions.

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Notes to Consolidated Financial Statements—(Continued)

In April 2010, as part of the Company's integration of Paris Re, the Company announced a voluntary termination plan (voluntary plan) available to certain eligible employees in France. Employees participating in the voluntary plan have no compulsory notice periods, however, their expected leaving dates are largely through mid 2012.

On July 12, 2010, the Company announced certain changes in its executive management group. Related to these changes, on July 28, 2010, the Company entered into a separation agreement (Letter Agreement) with a member of executive management.

During the year ended December 31, 2010, the Company recorded a pre-tax charge of $50.0 million related to the aggregated costs of the voluntary plan and the Letter Agreement within other operating expenses. The continuing salary and other employment benefits costs related to employees participating in the voluntary plan will be expensed as the employee provides service and remains with the Company.

(d) Other Agreements

The Company has entered into service agreements and lease contracts that provide for business and information technology support and computer equipment. Future payments under these contracts amount to $27.7 million through 2016.

The Company has entered into strategic investments with unfunded capital commitments totaling $142.1 million through 2016. The Company expects to fund capital commitments of $54.2 million, $47.0 million, $23.0 million, $9.3 million, $4.3 million and $4.3 million during 2011, 2012, 2013, 2014, 2015 and 2016, respectively.

(e) Legal Proceedings

Litigation

The Company's reinsurance subsidiaries, and the insurance and reinsurance industry in general, are subject to litigation and arbitration in the normal course of their business operations. In addition to claims litigation, the Company and its subsidiaries may be subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties. This category of business litigation typically involves, among other things, allegations of underwriting errors or misconduct, employment claims or regulatory activity. While the outcome of business litigation cannot be predicted with certainty, the Company will dispute all allegations against the Company and/or its subsidiaries that Management believes are without merit.

As of December 31, 2010, the Company was not a party to any litigation or arbitration that it believes could have a material adverse effect on the financial condition, results of operations or liquidity of the Company.

19. Off-Balance Sheet Arrangements

In October 2005, the Company entered into a forward sale agreement under which it agreed to sell approximately 6.7 million of its common shares to an affiliate of Citigroup Global Markets Inc., which affiliate is referred to as the forward counterparty. Under the forward sale agreement, the Company would deliver common shares to the forward counterparty on one or more settlement dates chosen by the Company prior to October 2008.

On July 31, 2008, the Company amended its existing forward sale agreement. Under the terms of the amendment, half the contract matured according to its original term beginning on September 26, 2008, while the

remaining half was extended to April 2010. Under the terms of the unamended half of the forward sale agreement, in 2008 the Company delivered 3.4 million common shares to the forward counterparty for total proceeds of $211.6 million (see Note 12).

On April 28, 2010, under the terms of the amendment to the forward sale agreement with the forward counterparty, the remaining $200 million forward sale agreement matured. Subsequent to maturity and commencing on April 28, 2010, there was a 40 day valuation period, whereby the Company could deliver up to 3.4 million common shares over the valuation period, subject to a minimum price per share of $59.05 and a maximum price per share of $84.15. As a result of the Company's share price trading between the minimum and the maximum price per share during the valuation period, the Company did not deliver any common shares to the forward counterparty (see Note 12).

Under the terms of the extended forward sale agreement, contract fees of approximately $8.1 million were recorded against additional paid-in capital in 2008 and were paid over the contract period.

This transaction had no other impact on the Company's common shareholders' equity, and the Company calculated the dilutive impact related to the forward sale agreement, if any, using the treasury stock method. The diluted net income per share for the years ended December 31, 2010, 2009 and 2008 did not include any dilutive effect related to this agreement.

20. Credit Agreements

In the normal course of its operations, the Company enters into agreements with financial institutions to obtain unsecured and secured credit facilities. As of December 31, 2010, the total amount of such credit facilities available to the Company was $1,359.4 million, with each of the significant facilities described below. These facilities are used primarily for the issuance of letters of credit, although a portion of these facilities may also be used for liquidity purposes. Under the terms of certain reinsurance agreements, irrevocable letters of credit were issued on an unsecured and secured basis in the amount of $459.9 million and $243.2 million, respectively, at December 31, 2010, in respect of reported loss and unearned premium reserves.

On July 16, 2010, the Company terminated its existing $660 million five-year syndicated unsecured credit facility, which had a maturity date of September 30, 2010, and entered into a new $750 million three-year syndicated unsecured credit facility. The new facility has the following terms: (i) a maturity date of July 16, 2013, (ii) a $250 million accordion feature, which enables the Company to potentially increase its available credit from $750 million to $1 billion, and (iii) a minimum consolidated tangible net worth requirement. The Company's ability to increase its available credit to $1 billion is subject to the agreement of the credit facility participants. The Company's breach of any of the covenants would result in an event of default, upon which the Company may be required to repay any outstanding borrowings and replace or cash collateralize letters of credit issued under this facility. The Company was in compliance with all of the covenants as of December 31, 2010. The new facility is predominantly used for the issuance of letters of credit, although the Company and its subsidiaries have access to a revolving line of credit of up to $375 million as part of this facility. During the year ended December 31, 2010, there were no borrowings under this revolving line of credit.

Additionally, the syndicated unsecured credit facility allows for an adjustment to the level of pricing should the Company experience a change in its senior unsecured debt ratings. The pricing grid provides the Company greater flexibility and simultaneously provides participants under the facility with some price protection.

On May 14, 2010, the Company entered into an agreement to modify an existing credit facility. Under the terms of the agreement, this credit facility was increased from a $100 million unsecured credit facility to a $250

million combined credit facility, with the initial $100 million being unsecured and any utilization above the initial $100 million being secured. This credit facility matures on May 14, 2011, and can be extended automatically to May 14, 2012.

In addition to the unsecured credit facilities available, the Company maintains two committed secured letter of credit facilities related to business written by Paris Re, with a total amount available of $350 million. The facilities are used for the issuance of letters of credit, which must be secured fully or partially with cash and/or government bonds and/or investment grade bonds. These credit facilities have maturity dates of January 20, 2012, with respect to a $150 million facility, and November 18, 2011, with respect to a $200 million facility. The agreements include default covenants, which could require the Company to fully secure the outstanding letters of credit to the extent that the facility is not already fully secured, and disallow the issuance of any new letters of credit. At December 31, 2010, no conditions of default existed under these facilities.

21. Agreements with Related Parties

The Company was party to agreements with Atradius N.V. since December 2003 (a company in which a board member is a supervisory director) and Delta Lloyd since May 2008 (a company in which a board member is a director).

Agreements with Atradius N.V.

In the normal course of its underwriting activities, the Company and certain subsidiaries entered into reinsurance contracts with Atradius N.V. The activity included in the Consolidated Statements of Operations related to Atradius N.V. for the years ended December 31, 2010, 2009 and 2008 was as follows (in thousands of U.S. dollars):

	2010	2009	2008
Net premiums written	**$ 80,975**	$ 49,487	$ 67,295
Net premiums earned	**69,094**	63,724	65,252
Losses and loss expenses and life policy benefits	**40,740**	58,394	42,096
Acquisition costs	**22,012**	20,824	25,533

Included in the Consolidated Balance Sheets at December 31, 2010 and 2009 were the following balances related to Atradius N.V. (in thousands of U.S. dollars):

	2010	2009
Reinsurance balances receivable	**$ 21,571**	$ 23,320
Unpaid losses and loss expenses	**71,929**	130,505
Unearned premiums	**36,744**	27,534
Other net assets	**12,916**	7,715

Other Agreements

In the normal course of its underwriting activities, the Company and certain subsidiaries entered into reinsurance contracts with Delta Lloyd. The activity included in the Consolidated Statements of Operations related to Delta Lloyd for the years ended December 31, 2010, 2009 and 2008 includes net premiums earned of $1.2 million, $1.4 million and $1.8 million, respectively, and losses and loss expenses and life policy benefits of $0.3 million, $0.5 million and $1.2 million, respectively. Included in the Consolidated Balance Sheets at December 31, 2010 and 2009 were unpaid losses and loss expenses of $8.9 million and $8.5 million, respectively.

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

In the normal course of its investment operations, the Company bought or held securities of companies in which board members of the Company are also directors or non-executive directors. All transactions entered into as part of the investment portfolio were completed on market terms.

22. Segment Information

The Company monitors the performance of its operations in three segments, Non-life, Life and Corporate and Other. The Non-life segment is further divided into four sub-segments: North America, Global (Non-U.S.) P&C, Global (Non-U.S.) Specialty and Catastrophe. Segments and sub-segments represent markets that are reasonably homogeneous in terms of geography, client types, buying patterns, underlying risk patterns and approach to risk management. During the fourth quarter of 2010, the Company redefined its financial reporting segments following the completion of its integration of Paris Re into its other Non-life sub-segments and changes in management responsibilities for certain lines of business and treaties. As a result, segment data for prior periods has been recast to conform to the current year presentation.

The North America sub-segment includes agriculture, casualty, motor, multiline, property, surety and other risks generally originating in the United States. The Global (Non-U.S.) P&C sub-segment includes casualty, motor and property business generally originating outside of the United States. The Global (Non-U.S.) Specialty sub-segment is comprised of business that is generally considered to be specialized due to the sophisticated technical underwriting required to analyze risks, and is global in nature. This sub-segment consists of several lines of business for which the Company believes it has developed specialized knowledge and underwriting capabilities. These lines of business include agriculture, aviation/space, credit/surety, energy, engineering, marine, specialty casualty, specialty property and other lines. The Catastrophe sub-segment is comprised of the Company's catastrophe line of business. The Life segment includes mortality, longevity and health lines of business. Corporate and Other is comprised of the capital markets and investment related activities of the Company, including principal finance transactions, insurance-linked securities and strategic investments, and its corporate activities, including other operating expenses.

Because the Company does not manage its assets by segment, net investment income is not allocated to the Non-life segment. However, because of the interest-sensitive nature of some of the Company's Life products, net investment income is considered in Management's assessment of the profitability of the Life segment. The following items are not considered in evaluating the results of the Non-life and Life segments: net realized and unrealized investment gains and losses, net realized gain on purchase of CENts, interest expense, amortization of intangible assets, net foreign exchange gains and losses, income tax expense or benefit and interest in earnings and losses of equity investments. Segment results are shown before consideration of intercompany transactions.

Management measures results for the Non-life segment on the basis of the loss ratio, acquisition ratio, technical ratio, other operating expense ratio and combined ratio (defined below). Management measures results for the Non-life sub-segments on the basis of the loss ratio, acquisition ratio and technical ratio. Management measures results for the Life segment on the basis of the allocated underwriting result, which includes revenues from net premiums earned, other income or loss and allocated net investment income for Life, and expenses from life policy benefits, acquisition costs and other operating expenses.

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

The following tables provide a summary of the segment revenues and results for the years ended December 31, 2010, 2009 and 2008 (in millions of U.S. dollars, except ratios):

Segment Information
For the year ended December 31, 2010

	North America	Global (Non-U.S.) P&C	Global (Non-U.S.) Specialty	Catastrophe	Total Non-life Segment	Life Segment	Corporate and Other	Total
Gross premiums written	$ 1,028	$ 909	$ 1,479	$ 716	$ 4,132	$ 749	$ 4	$ 4,885
Net premiums written	$ 1,026	$ 898	$ 1,391	$ 646	$ 3,961	$ 742	$ 2	$ 4,705
Decrease in unearned premiums	12	16	14	26	68	2	1	71
Net premiums earned	$ 1,038	$ 914	$ 1,405	$ 672	$ 4,029	$ 744	$ 3	$ 4,776
Losses and loss expenses and life policy benefits	(577)	(702)	(985)	(393)	(2,657)	(624)	(3)	(3,284)
Acquisition costs	(288)	(227)	(292)	(49)	(856)	(116)	—	(972)
Technical result	**$ 173**	**$ (15)**	**$ 128**	**$ 230**	**$ 516**	**$ 4**	**$ —**	**$ 520**
Other income					5	2	3	10
Other operating expenses					(317)	(57)	(166)	(540)
Underwriting result					**$ 204**	**$ (51)**	**n/a**	**$ (10)**
Net investment income						71	602	673
Allocated underwriting result (1)						**$ 20**	**n/a**	**n/a**
Net realized and unrealized investment gains							402	402
Interest expense							(44)	(44)
Amortization of intangible assets							(31)	(31)
Net foreign exchange losses							(21)	(21)
Income tax expense							(129)	(129)
Interest in earnings of equity investments							13	13
Net income							**n/a**	**$ 853**
Loss ratio (2)	55.6%	76.8%	70.0%	58.5%	65.9%			
Acquisition ratio (3)	27.8	24.9	20.8	7.2	21.3			
Technical ratio (4)	83.4%	101.7%	90.8%	65.7%	87.2%			
Other operating expense ratio (5)					7.8			
Combined ratio (6)					95.0%			

(1) Allocated underwriting result is defined as net premiums earned, other income or loss and allocated net investment income less life policy benefits, acquisition costs and other operating expenses.
(2) Loss ratio is obtained by dividing losses and loss expenses by net premiums earned.
(3) Acquisition ratio is obtained by dividing acquisition costs by net premiums earned.
(4) Technical ratio is defined as the sum of the loss ratio and the acquisition ratio.
(5) Other operating expense ratio is obtained by dividing other operating expenses by net premiums earned.
(6) Combined ratio is defined as the sum of the technical ratio and the other operating expense ratio.

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

Segment Information
For the year ended December 31, 2009

	North America	Global (Non-U.S.) P&C	Global (Non-U.S.) Specialty	Catastrophe	Total Non-life Segment	Life Segment	Corporate and Other	Total
Gross premiums written	$ 1,162	$ 677	$ 1,159	$ 400	$ 3,398	$ 595	$ 8	$ 4,001
Net premiums written	$ 1,162	$ 679	$ 1,113	$ 397	$ 3,351	$ 591	$ 7	$ 3,949
Decrease (increase) in unearned premiums	48	50	3	73	174	(4)	1	171
Net premiums earned	$ 1,210	$ 729	$ 1,116	$ 470	$ 3,525	$ 587	$ 8	$ 4,120
Losses and loss expenses and life policy benefits	(728)	(392)	(732)	(6)	(1,858)	(440)	2	(2,296)
Acquisition costs	(311)	(174)	(254)	(33)	(772)	(113)	—	(885)
Technical result	**$ 171**	**$ 163**	**$ 130**	**$ 431**	**$ 895**	**$ 34**	**$ 10**	**$ 939**
Other income					13	2	7	22
Other operating expenses					(253)	(47)	(131)	(431)
Underwriting result					**$ 655**	**$ (11)**	**n/a**	**$ 530**
Net investment income						62	534	596
Allocated underwriting result						**$ 51**	**n/a**	**n/a**
Net realized and unrealized investment gains							591	591
Net realized gain on purchase of capital efficient notes							89	89
Interest expense							(28)	(28)
Amortization of intangible assets							6	6
Net foreign exchange losses							(1)	(1)
Income tax expense							(262)	(262)
Interest in earnings of equity investments							16	16
Net income							**n/a**	**$ 1,537**
Loss ratio	60.2%	53.7%	65.6%	1.3%	52.7%			
Acquisition ratio	25.7	23.8	22.7	7.0	21.9			
Technical ratio	85.9%	77.5%	88.3%	8.3%	74.6%			
Other operating expense ratio					7.2			
Combined ratio					81.8%			

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PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

Segment Information
For the year ended December 31, 2008

	North America	Global (Non-U.S.) P&C	Global (Non-U.S.) Specialty	Catastrophe	Total Non-life Segment	Life Segment	Corporate and Other	Total
Gross premiums written	$ 1,175	$ 721	$ 1,117	$ 413	$ 3,426	$ 584	$ 18	$ 4,028
Net premiums written	$ 1,167	$ 718	$ 1,094	$ 413	$ 3,392	$ 579	$ 18	$ 3,989
Decrease (increase) in unearned premiums	23	32	(103)	(10)	(58)	(3)	—	(61)
Net premiums earned	$ 1,190	$ 750	$ 991	$ 403	$ 3,334	$ 576	$ 18	$ 3,928
Losses and loss expenses and life policy benefits	(863)	(433)	(691)	(144)	(2,131)	(463)	(15)	(2,609)
Acquisition costs	(289)	(182)	(269)	(37)	(777)	(120)	(2)	(899)
Technical result	**$ 38**	**$ 135**	**$ 31**	**$ 222**	**$ 426**	**$ (7)**	**$ 1**	**$ 420**
Other income					4	—	6	10
Other operating expenses					(231)	(43)	(91)	(365)
Underwriting result					**$ 199**	**$ (50)**	**n/a**	**$ 65**
Net investment income						67	506	573
Allocated underwriting result						**$ 17**	**n/a**	**n/a**
Net realized and unrealized investment losses							(531)	(531)
Interest expense							(51)	(51)
Net foreign exchange gains							6	6
Income tax expense							(10)	(10)
Interest in losses of equity investments							(5)	(5)
Net income							**n/a**	**$ 47**
Loss ratio	72.5 %	57.7 %	69.8 %	35.8%	63.9%			
Acquisition ratio	24.4	24.3	27.1	9.2	23.3			
Technical ratio	96.9 %	82.0 %	96.9 %	45.0%	87.2%			
Other operating expense ratio					6.9			
Combined ratio					94.1%			

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

The following table provides the distribution of net premiums written by line of business for the years ended December 31, 2010, 2009 and 2008:

	2010	2009	2008
Non-life			
Property and casualty			
Casualty	**11%**	13%	15%
Property	**18**	18	17
Motor	**7**	6	6
Multiline and other	**2**	2	3
Specialty			
Agriculture	**4**	8	7
Aviation/Space	**5**	5	5
Catastrophe	**14**	10	10
Credit/Surety	**6**	6	7
Energy	**2**	2	2
Engineering	**4**	5	5
Marine	**6**	5	4
Specialty casualty	**3**	3	4
Specialty property	**2**	2	1
Life	**16**	15	14
Total	**100%**	100%	100%

The following table provides the geographic distribution of gross premiums written based on the location of the underlying risk for the years ended December 31, 2010, 2009 and 2008:

	2010	2009	2008
Europe	**43%**	41%	46%
North America	**36**	41	41
Latin America, Caribbean and Africa	**11**	10	8
Asia, Australia and New Zealand	**10**	8	5
Total	**100%**	100%	100%

The Company produces its business both through brokers and through direct relationships with insurance company clients. None of the Company's cedants accounted for more than 5% of total gross premiums written during the year ended December 31, 2010 and more than 6% and 7%, respectively, during the years ended December 31, 2009 and 2008.

The Company had two brokers that individually accounted for 10% or more of its gross premiums written during the years ended December 31, 2010, 2009 and 2008. The brokers accounted for 25%, 25%, and 23% and 21%, 19%, and 19% of gross premiums written for the years ended December 31, 2010, 2009 and 2008, respectively.

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PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

The following table summarizes the percentage of gross premiums written through these two brokers by segment and sub-segment for the years ended December 31, 2010, 2009 and 2008:

	2010	2009	2008
Non-life			
North America	**77%**	78%	70%
Global (Non-U.S.) P&C	**32**	25	24
Global (Non-U.S.) Specialty	**37**	27	24
Catastrophe	**70**	70	74
Life	**15**	18	18

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

23. Unaudited Quarterly Financial Information

(in millions of U.S. dollars, except per share amounts)	2010				2009			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Net premiums written	**$ 820.6**	**$ 987.6**	**$ 1,112.7**	**$1,784.2**	$ 904.4	$ 891.5	$ 844.7	$1,308.1
Net premiums earned	**1,204.6**	**1,313.4**	**1,104.6**	**1,153.8**	1,336.6	1,090.7	826.1	866.5
Net investment income	**160.8**	**164.4**	**174.5**	**173.1**	182.0	145.4	135.6	133.1
Net realized and unrealized investment (losses) gains	**(83.2)**	**293.2**	**46.0**	**145.5**	25.0	330.2	306.5	(70.1)
Net realized gain on purchase of capital efficient notes	**—**	**—**	**—**	**—**	—	—	—	88.4
Other income	**5.1**	**3.3**	**0.8**	**1.3**	6.0	8.4	3.4	4.6
Total revenues	**1,287.3**	**1,774.3**	**1,325.9**	**1,473.7**	1,549.6	1,574.7	1,271.6	1,022.5
Losses and loss expenses and life policy benefits	**817.8**	**748.9**	**704.6**	**1,012.4**	743.3	574.2	458.9	518.9
Acquisition costs	**246.6**	**261.6**	**244.1**	**220.1**	271.1	232.5	181.7	200.0
Other operating expenses	**133.2**	**118.2**	**160.2**	**128.1**	146.5	102.2	98.5	83.6
Interest expense	**12.2**	**12.3**	**12.8**	**7.1**	6.6	6.2	6.3	9.1
Amortization of intangible assets	**8.8**	**10.0**	**7.8**	**4.8**	(6.1)	—	—	—
Net foreign exchange losses (gains)	**8.3**	**27.1**	**(11.0)**	**(3.6)**	(4.1)	1.0	1.2	3.4
Total expenses	**1,226.9**	**1,178.1**	**1,118.5**	**1,368.9**	1,157.3	916.1	746.6	815.0
Income before taxes and interest in earnings (losses) of equity investments	**60.4**	**596.2**	**207.4**	**104.8**	392.3	658.6	525.0	207.5
Income tax expense	**10.9**	**72.6**	**17.8**	**27.6**	51.9	93.4	57.0	59.8
Interest in earnings (losses) of equity investments	**7.5**	**1.3**	**1.3**	**2.4**	14.0	1.5	6.2	(6.2)
Net income	**57.0**	**524.9**	**190.9**	**79.6**	354.4	566.7	474.2	141.5
Preferred dividends	**8.6**	**8.6**	**8.6**	**8.6**	8.6	8.6	8.6	8.6
Net income available to common shareholders	**$ 48.4**	**$ 516.3**	**$ 182.3**	**$ 71.0**	$ 345.8	$ 558.1	$ 465.6	$ 132.9
Basic net income per common share	**$ 0.66**	**$ 6.86**	**$ 2.36**	**$ 0.87**	$ 4.34	$ 9.60	$ 8.23	$ 2.35
Diluted net income per common share	**0.65**	**6.76**	**2.31**	**0.85**	4.25	9.44	8.10	2.32
Dividends declared per common share	**0.55**	**0.50**	**0.50**	**0.50**	0.47	0.47	0.47	0.47

The Company's results include the results of Paris Re from October 2, 2009, the date of acquisition.

PartnerRe Ltd.

Notes to Consolidated Financial Statements—(Continued)

24. Subsequent Events

During January 2011, torrential rain and widespread flooding impacted large areas of Australia, including Queensland and Victoria. Additionally, on February 3, 2011, Tropical Cyclone Yasi made landfall as a Category 4 storm in North Queensland, Australia, causing widespread property damage and flooding across the region. The Company's initial total net loss estimate for these events is expected to be in the range of $80 to $110 million, pre-tax, net of retrocession and reinstatement premiums, and primarily recorded within the Company's Global (Non-U.S.) P&C and Catastrophe sub-segments. The Company is continuing to assess its exposure related to these 2011 events.

On February 22, 2011, a major earthquake measuring 6.3 on the Richter Scale caused severe damage in Christchurch, New Zealand. The Company has exposure to this event primarily through its Global (Non-U.S.) P&C and Catastrophe sub-segments. The Company is currently assessing its potential claims related to this event, but information as of February 28, 2011 is not sufficient to arrive at a reasonable estimate.

In January and February 2011, the Company repurchased 2.7 million of its common shares at a total cost of $220 million, representing an average cost of $81.54 per share. Following these share repurchases, the Company had approximately 3.8 million common shares remaining under its current share repurchase authorization and approximately 16.7 million shares held in treasury.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of PartnerRe Ltd.

We have audited the accompanying consolidated balance sheets of PartnerRe Ltd. and subsidiaries (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of operations and comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of PartnerRe Ltd. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2010, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2011 expressed an unqualified opinion on the Company's internal control over financial reporting.

/S/ DELOITTE & TOUCHE

Deloitte & Touche

Hamilton, Bermuda
February 28, 2011

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of Management, including the Chief Executive Officer and Chief Financial Officer, as of December 31, 2010, of the effectiveness of the design and operation of its disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2010, the disclosure controls and procedures are effective such that information required to be disclosed by the Company in reports that it files or submits pursuant to the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and is accumulated and communicated to Management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosures.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of Management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect material misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of internal control over financial reporting as of December 31, 2010. In making this assessment, Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework.

Based on our assessment and those criteria, Management believes that the Company maintained effective internal control over financial reporting as of December 31, 2010.

Deloitte & Touche, the Company's independent registered public accounting firm, has issued a report on the effectiveness of the Company's internal control over financial reporting, and its report appears below.

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Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting identified in connection with such evaluation that occurred during the three months ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of PartnerRe Ltd.

We have audited the internal control over financial reporting of PartnerRe Ltd. and subsidiaries (the Company) as of December 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2010 of the Company and our report dated February 28, 2011 expressed an unqualified opinion on those financial statements.

/S/ DELOITTE & TOUCHE

Deloitte & Touche

Hamilton, Bermuda
February 28, 2011

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ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information with respect to directors and executive officers and corporate governance of the Company is contained under the captions Our Directors, Our Executive Officers, Corporate Governance and Election of Directors in the Proxy Statement and is incorporated herein by reference in response to this item.

CODE OF ETHICS

The information with respect to the Company's code of ethics is contained under the caption Code of Business Conduct and Ethics in the Proxy Statement and is incorporated herein by reference in response to this item.

AUDIT COMMITTEE

The information with respect to the Company's audit committee is contained under the caption Audit Committee in the Proxy Statement and is incorporated herein by reference in response to this item.

ITEM 11. EXECUTIVE COMPENSATION

The information with respect to executive compensation is contained under the caption Executive Compensation and Director Compensation in the Proxy Statement and is incorporated herein by reference in response to this item.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information with respect to security ownership of certain beneficial owners and management and the equity compensation plan disclosure is contained under the captions Security Ownership of Certain Beneficial Owners, Management and Directors and Equity Compensation in the Proxy Statement and is incorporated herein by reference in response to this item.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information with respect to certain relationships and related transactions, and director independence is contained under the caption Certain Relationships and Related Transactions in the Proxy Statement and is incorporated herein by reference in response to this item.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information with respect to principal accountant fees and services is contained under the caption Principal Accountant Fees and Services in the Proxy Statement and is incorporated herein by reference in response to this item.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

	Incorporated by Reference				
Exhibit Description	Form	Original Number	Date Filed	SEC File Reference Number	Filed Herewith
(a) Exhibits and Financial Statement Schedules					
1. Financial Statements					
Included in Part II—See Item 8 of this report					X
2. Financial Statement Schedules					
Included in Part IV of this report:					
Report of Independent Registered Public Accounting Firm on Financial Statement Schedules					X
Schedule I—Consolidated Summary of Investments—as of December 31, 2010					X
Schedule II—Condensed Financial Information of PartnerRe Ltd.					X
Schedule III—Supplementary Insurance Information—for the Years Ended December 31, 2010, 2009 and 2008					X
Schedule IV—Reinsurance—for the Years Ended December 31, 2010, 2009 and 2008					X
Schedule VI—Supplemental Information Concerning Property-Casualty Insurance Operations —for the Years Ended December 31, 2010, 2009 and 2008					X
3. Exhibits					
Included on page 211					

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 28, 2011.

PARTNERRE LTD.

By:	/S/ WILLIAM BABCOCK
Name:	**William Babcock**
Title:	**Executive Vice President & Chief Financial Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Signatures	Title	Date
/S/ CONSTANTINOS MIRANTHIS **Constantinos Miranthis**	President and Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2011
/S/ WILLIAM BABCOCK **William Babcock**	Executive Vice President & Chief Financial Officer (Principal Financial Officer)	February 28, 2011
/S/ DAVID J. OUTTRIM **David J. Outtrim**	Chief Accounting Officer (Principal Accounting Officer)	February 28, 2011
/S/ JEAN-PAUL MONTUPET **Jean-Paul Montupet**	Chairman of the Board of Directors	February 28, 2011
/S/ VITO H. BAUMGARTNER **Vito H. Baumgartner**	Director	February 28, 2011
/S/ JUDITH HANRATTY **Judith Hanratty, OBE**	Director	February 28, 2011
/S/ JAN H. HOLSBOER **Jan H. Holsboer**	Director	February 28, 2011
/S/ ROBERTO MENDOZA **Roberto Mendoza**	Director	February 28, 2011
/S/ JOHN A. ROLLWAGEN **John A. Rollwagen**	Director	February 28, 2011
/S/ RÉMY SAUTTER **Rémy Sautter**	Director	February 28, 2011
/S/ LUCIO STANCA **Lucio Stanca**	Director	February 28, 2011
/S/ KEVIN M. TWOMEY **Kevin M. Twomey**	Director	February 28, 2011
/S/ JÜRGEN ZECH **Jürgen Zech**	Director	February 28, 2011
/S/ DAVID ZWEINER **David Zweiner**	Director	February 28, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of PartnerRe Ltd.

We have audited the consolidated financial statements of PartnerRe Ltd. and subsidiaries (the Company) as of December 31, 2010 and 2009, and for each of the three years in the period ended December 31, 2010, and the Company's internal control over financial reporting as of December 31, 2010, and have issued our reports thereon dated February 28, 2011; such reports are included elsewhere in this Form 10-K. Our audits also included the financial statement schedules of the Company listed in Item 15. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/S/ DELOITTE & TOUCHE

Deloitte & Touche

Hamilton, Bermuda
February 28, 2011

SCHEDULE I

PartnerRe Ltd.

Consolidated Summary of Investments
Other Than Investments in Related Parties
as of December 31, 2010
(Expressed in thousands of U.S. dollars)

Type of investment	Cost [1][2]	Fair Value [2]	Amount at which shown in the balance sheet [2]
Fixed maturities			
U.S. government and agencies	$ 962,410	$ 972,724	$ 972,724
Non-U.S. sovereign government, supranational and government related	2,743,922	2,819,193	2,819,193
Corporate	5,876,392	6,143,847	6,143,847
Asset-backed securities	554,326	556,657	556,657
Residential mortgage-backed securities	2,227,938	2,305,525	2,305,525
Other mortgage-backed securities	29,809	26,443	26,443
Total fixed maturities	12,394,797	12,824,389	12,824,389
Equities			
Banks, trust and insurance companies	153,846	163,406	163,406
Public utilities	31,754	31,644	31,644
Industrial, miscellaneous and all other	757,145	876,626	876,626
Total equities	942,745	1,071,676	1,071,676
Short-term investments	$ 49,132	49,397	49,397
Other invested assets[3]		111,374	111,374
Total		$ 14,056,836	$ 14,056,836

(1) *Original cost of fixed maturities reduced by repayments and adjusted for amortization of premiums or accrual of discounts. Original cost of equity securities. For investments acquired from Paris Re, cost is based on the fair value at the date of acquisition and subsequently adjusted for amortization of fixed maturities and short-term investments.*

(2) *Excludes the investment portfolio underlying the funds held – directly managed account. While the net investment income and net realized and unrealized gains and losses inure to the benefit of the Company, the Company does not legally own the investments.*

(3) *Other invested assets excludes the Company's investments accounted for using the cost method or equity method.*

SCHEDULE II

PartnerRe Ltd.

Condensed Balance Sheets—Parent Company Only
(Expressed in thousands of U.S. dollars except parenthetical share and per share data)

	December 31, 2010	December 31, 2009
Assets		
Fixed maturities, trading securities, at fair value (amortized cost: 2010, $10,356)	**$ 10,337**	$ —
Cash and cash equivalents, at fair value, which approximates amortized cost	**329,054**	3,503
Investments in subsidiaries	**7,576,571**	8,105,905
Intercompany loans and balances receivable	**442,290**	503,359
Other	**13,069**	23,395
Total assets	**$ 8,371,321**	$ 8,636,162
Liabilities		
Current portion of long-term debt	**$ —**	$ 200,000
Intercompany loans and balances payable[1]	**1,131,463**	758,612
Accounts payable, accrued expenses and other	**32,939**	31,823
Total liabilities	**1,164,402**	990,435
Shareholders' Equity		
Common shares (par value $1.00, issued: 2010, 84,033,089 shares; 2009, 82,585,707 shares)	**84,033**	82,586
Series C cumulative preferred shares (par value $1.00, issued and outstanding: 2010 and 2009, 11,600,000 shares; aggregate liquidation value: 2010 and 2009, $290,000)	**11,600**	11,600
Series D cumulative preferred shares (par value $1.00, issued and outstanding: 2010 and 2009, 9,200,000 shares; aggregate liquidation value: 2010 and 2009, $230,000)	**9,200**	9,200
Additional paid-in capital	**3,419,864**	3,357,004
Accumulated other comprehensive income:		
Currency translation adjustment	**16,101**	82,843
Other accumulated comprehensive (loss) income, net of tax	**(12,045)**	2,084
Retained earnings	**4,761,178**	4,100,782
Common shares held in treasury, at cost (2010, 14,046,895 shares; 2009, 5,000 shares)	**(1,083,012)**	(372)
Total shareholders' equity	**7,206,919**	7,645,727
Total liabilities and shareholders' equity	**$ 8,371,321**	$ 8,636,162

(1) *The Company has fully and unconditionally guaranteed on a subordinated basis all obligations of PartnerRe Finance II Inc., an indirect wholly-owned finance subsidiary of the Company, related to the remaining $63.4 million aggregate principal amount of 6.440% Fixed-to-Floating Rate Junior Subordinated Capital Efficient Notes (CENts). The Company's obligations under this guarantee are unsecured and rank junior in priority of payments to the Company's Senior Notes.*

The Company has fully and unconditionally guaranteed all obligations of PartnerRe Finance A and PartnerRe Finance B, indirect wholly-owned finance subsidiaries of the Company, related to the issuance of $250 million aggregate principal amount of 6.875% Senior Notes and $500 million aggregate principal amount of 5.500% Senior Notes. The Company's obligations under these guarantees are senior and unsecured and rank equally with all other senior unsecured indebtedness of the Company.

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SCHEDULE II

PartnerRe Ltd.

Condensed Statements of Operations—Parent Company Only
(Expressed in thousands of U.S. dollars)

	For the year ended December 31, 2010	For the year ended December 31, 2009	For the year ended December 31, 2008
Revenues			
Net investment income (loss)	**$ 1,745**	$ (375)	$ 68
Net realized investment (losses) gains	**(3,884)**	18,582	(1,477)
Total revenues	**(2,139)**	18,207	(1,409)
Expenses			
Other operating expenses	**92,361**	103,293	72,698
Interest expense on intercompany loans	**5,609**	6,425	17,093
Interest expense	**301**	3,919	15,592
Net foreign exchange losses (gains)	**17,244**	4,517	(3,828)
Total expenses	**115,515**	118,154	101,555
Loss before equity in net income of subsidiaries	**(117,654)**	(99,947)	(102,964)
Equity in net income of subsidiaries	**970,206**	1,636,801	149,531
Net income	**$ 852,552**	$ 1,536,854	$ 46,567

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SCHEDULE II

PartnerRe Ltd.

Condensed Statements of Cash Flows—Parent Company Only
(Expressed in thousands of U.S. dollars)

	For the year ended December 31, 2010	For the year ended December 31, 2009	For the year ended December 31, 2008
Cash flows from operating activities			
Net income	**$ 852,552**	$ 1,536,854	$ 46,567
Adjustments to reconcile net income to net cash used in operating activities:			
Equity in net income of subsidiaries	**(970,206)**	(1,636,801)	(149,531)
Other, net	**36,388**	8,203	26,677
Net cash used in operating activities	**(81,266)**	(91,744)	(76,287)
Cash flows from investing activities			
Sales and redemptions of fixed maturities	**698,393**	—	—
Sales and redemptions of short-term investments	**69,489**	—	—
Advances to/from subsidiaries, net	**697,019**	508,213	(61,465)
Net issue of intercompany loans receivable and payable	**380,771**	—	250,000
Investments in subsidiaries	**—**	(175,111)	—
Other, net	**(4,283)**	(2,851)	(1,393)
Foreign exchange forward contracts	**3,528**	(71,303)	—
Net cash provided by investing activities	**1,844,917**	258,948	187,142
Cash flows from financing activities			
Cash dividends paid to shareholders	**(192,156)**	(151,851)	(134,627)
Repayment of debt	**(200,000)**	(200,000)	—
Repurchase of common shares	**(1,065,121)**	—	(110,017)
Issuance of common shares and treasury shares	**37,682**	16,034	222,736
Contract fees on forward sale agreement	**(2,638)**	(5,070)	(10,006)
Net cash used in financing activities	**(1,422,233)**	(340,887)	(31,914)
Effect of foreign exchange rate changes on cash	**(15,867)**	(1,342)	(1,917)
Increase (decrease) in cash and cash equivalents	**325,551**	(175,025)	77,024
Cash and cash equivalents—beginning of year	**3,503**	178,528	101,504
Cash and cash equivalents—end of year	**$ 329,054**	$ 3,503	$ 178,528
Supplemental cash flow information:			
Interest paid	**$ 1,680**	$ 14,362	$ 34,812

(1) The Company received non-cash dividends from its subsidiary of $500 million, $600 million and $nil million for the years ended December 31, 2010, 2009 and 2008, respectively, which have been excluded from the Condensed Statements of Cash Flows—Parent Company Only.

(2) During 2010, the Company sold a wholly-owned subsidiary to another wholly-owned subsidiary and received fixed maturities and short-term investments as partial settlement of certain intercompany loans receivable. These non-cash transactions have been excluded from the Condensed Statements of Cash Flows—Parent Company Only.

(3) The acquisition of assets and liabilities as part of the Paris Re acquisition in 2009 involved non-cash share for share transactions which have been excluded from the Condensed Statements of Cash Flows—Parent Company Only.

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SCHEDULE III

PartnerRe Ltd.

Supplementary Insurance Information
For the years ended December 31, 2010, 2009 and 2008
(Expressed in thousands of U.S. dollars)

	Deferred Policy Acquisition Costs	Gross Reserves	Unearned Premiums	Other Benefits Payable	Premium Revenue	Net Investment Income [1]	Losses Incurred	Amortization of DAC	Other Operating Expenses [2]	Premiums Written
2010										
Non-life	**$ 369,075**	**$10,666,604**	**$ 1,578,696**	**—**	**$ 4,029,644**	**N/A**	**$2,657,041**	**$ 856,068**	**$ 316,900**	**$ 3,960,713**
Life	**226,476**	**—**	**20,385**	**$1,750,410**	**743,565**	**$ 71,539**	**623,627**	**116,280**	**56,965**	**N/A**
Corporate and Other	**6**	**—**	**58**	**—**	**3,262**	**601,243**	**2,950**	**189**	**165,886**	**1,964**
Total	**$ 595,557**	**$10,666,604**	**$ 1,599,139**	**$1,750,410**	**$ 4,776,471**	**$ 672,782**	**$3,283,618**	**$ 972,537**	**$ 539,751**	**$ 3,962,677**
2009										
Non-life	$ 343,729	$10,811,483	$ 1,684,015	—	$ 3,524,690	N/A	$1,857,481	$ 771,684	$ 252,861	$ 3,350,909
Life	271,091	—	21,724	$1,615,193	587,553	$ 61,833	440,337	112,920	47,247	N/A
Corporate and Other	37	—	1,077	—	7,582	534,238	(2,522)	610	130,700	6,911
Total	$ 614,857	$10,811,483	$ 1,706,816	$1,615,193	$ 4,119,825	$ 596,071	$2,295,296	$ 885,214	$ 430,808	$ 3,357,820
2008										
Non-life	$ 313,039	$ 7,510,666	$ 1,254,746	—	$ 3,333,922	N/A	$2,130,951	$ 777,550	$ 230,615	$ 3,392,660
Life	303,940	—	16,873	$1,432,015	576,428	$ 66,615	462,982	119,994	43,439	N/A
Corporate and Other	142	—	2,168	—	17,674	506,349	15,287	1,338	90,955	17,788
Total	$ 617,121	$ 7,510,666	$ 1,273,787	$1,432,015	$ 3,928,024	$ 572,964	$2,609,220	$ 898,882	$ 365,009	$ 3,410,448

(1) Because the Company does not manage its assets by segment, net investment income is not allocated to the Non-life segment of the reinsurance operations. However, because of the interest-sensitive nature of some of the Company's Life products, net investment income is considered in Management's assessment of the profitability of the Life segment.

(2) Other operating expenses are a component of underwriting result for the Non-life and Life segments. Other operating expenses included in Corporate and Other represent corporate expenses and other operating expenses related to the Company's principal finance transactions, insurance-linked securities and strategic investments.

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SCHEDULE IV

PartnerRe Ltd.

Reinsurance
For the years ended December 31, 2010, 2009 and 2008
(Expressed in thousands of U.S. dollars)

	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
2010					
Life reinsurance in force	**—**	**$ 1,726,050**	**$ 192,669,971**	**$ 190,943,921**	**101%**
Premiums earned					
Life	**—**	**$ 5,118**	**$ 729,007**	**$ 723,889**	**101%**
Accident and health	**—**	**—**	**19,676**	**19,676**	**100%**
Property and casualty	**$ 25,532**	**175,308**	**4,182,682**	**4,032,906**	**104%**
Total premiums	**$ 25,532**	**$ 180,426**	**$ 4,931,365**	**$ 4,776,471**	**103%**
2009					
Life reinsurance in force	—	$ 1,636,933	$ 204,704,933	$ 203,068,000	101%
Premiums earned					
Life	—	$ 4,608	$ 570,118	$ 565,510	101%
Accident and health	—	—	22,043	22,043	100%
Property and casualty	$ 8,390	77,946	3,601,828	3,532,272	102%
Total premiums	$ 8,390	$ 82,554	$ 4,193,989	$ 4,119,825	102%
2008					
Life reinsurance in force	—	$ 4,451,144	$ 164,674,622	$ 160,223,478	103%
Premiums earned					
Life	—	$ 6,002	$ 567,619	$ 561,617	101%
Accident and health	—	—	14,811	14,811	100%
Property and casualty	$ 7,327	33,678	3,377,947	3,351,596	101%
Total premiums	$ 7,327	$ 39,680	$ 3,960,377	$ 3,928,024	101%

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SCHEDULE VI

PartnerRe Ltd.

Supplemental Information
Concerning Property-Casualty Insurance Operations
For the years ended December 31, 2010, 2009 and 2008
(Expressed in thousands of U.S. dollars)

Affiliation with Registrant	Deferred policy acquisition costs	Liability for unpaid losses and loss expenses	Unearned premiums	Premiums earned	Losses and loss expenses incurred	Amortization of deferred policy acquisition costs	Paid losses and loss expenses	Premiums written
Consolidated subsidiaries								
2010	**$ 369,081**	**$ 10,666,604**	**$ 1,578,754**	**$ 4,032,906**	**$ 2,659,991**	**$ 856,257**	**$ 2,579,018**	**$ 3,962,677**
2009	343,766	10,811,483	1,685,092	3,532,272	1,854,959	772,294	2,043,878	3,357,820
2008	313,181	7,510,666	1,256,914	3,351,596	2,146,238	778,888	1,580,819	3,410,448

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EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				
		Form	Original Number	Date Filed	SEC File Reference Number	Filed Herewith
3.1	Amended Memorandum of Association.	F-3	3.1	June 20, 1997	333-7094	
3.2	Amended and Restated Bye-laws of PartnerRe Ltd., dated as of May 22, 2009.	8-K	3.1	May 28, 2009	001-14536 09857978	
4.1	Specimen Common Share Certificate.	10-Q	4.1	December 10, 1993	0-2253	
4.5	Certificate of Designation of the Company's 6.75% Series C Cumulative Redeemable Preferred Shares.	8-K	99.4	May 2,2003	001-14536 03680524	
4.6	Specimen Share Certificate for the 6.75% Series C Cumulative Redeemable Preferred Shares.	8-K	99.3	May 2, 2003	001-14536 03680524	
4.7	Certificate of Designation, Preferences and Rights of the Company's 6.50% Series D Cumulative Redeemable Preferred Shares.	8-K	99.4	November 12, 2004	001-14536 041136085	
4.8	Specimen Share Certificate for the 6.50% Series D Cumulative Redeemable Preferred Shares.	8-K	99.3	November 12, 2004	001-14536 041136085	
4.9	Junior Subordinated Indenture and First Supplemental Junior Subordinated Indenture.	8-K	4.1 4.2	November 7, 2006	001-14536 061194484	
4.10	Junior Subordinated Debt Securities Guarantee Agreement and First Supplemental Junior Subordinated Debt Securities Guarantee Agreement.	8-K	4.3 4.4	November 7, 2006	001-14536 061194484	
4.11	Indenture dated May 27, 2008 among PartnerRe Finance A LLC, PartnerRe Ltd. and The Bank of New York.	8-K	4.1	May 27, 2008	001-14536 08860178	
4.12	First Supplemental Indenture dated May 27, 2008 among PartnerRe Finance A LLC, PartnerRe Ltd. and The Bank of New York.	8-K	4.2	May 27, 2008	001-14536 08860178	
4.13	Debt Securities Guarantee Agreement dated May 27, 2008 between PartnerRe Ltd. and The Bank of New York.	8-K	4.3	May 27, 2008	001-14356 08860178	
4.14	First Supplemental Debt Securities Guarantee Agreement dated May 27, 2008 between PartnerRe Ltd. and The Bank of New York.	8-K	4.4	May 27, 2008	001-14536 08860178	
4.15	Indenture dated March 15, 2010 among PartnerRe Finance B LLC, PartnerRe Ltd. and The Bank of New York Mellon.	8-K	4.1	March 15, 2010	001-14536 10681438	

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Exhibit Number	Exhibit Description	Incorporated by Reference Form	Original Number	Date Filed	SEC File Reference Number	Filed Herewith
4.16	First Supplemental Indenture dated March 15, 2010 among PartnerRe Finance B LLC, PartnerRe Ltd. and The Bank of New York Mellon.	8-K	4.2	March 15, 2010	001-14536 10681438	
4.17	Senior Debt Securities Guarantee Agreement dated March 15, 2010 between PartnerRe Ltd. and The Bank of New York Mellon.	8-K	4.3	March 15, 2010	001-14536 10681438	
4.18	First Supplemental Senior Debt Securities Guarantee Agreement dated March 15, 2010 between PartnerRe Ltd. and The Bank of New York Mellon.	8-K	4.4	March 15, 2010	001-14536 10681438	
10.4.5	Credit Agreement among PartnerRe Ltd., the Designated Subsidiary Borrowers, the Lenders and JPMorgan Chase Bank, N.A. dated July 16, 2010.	8-K	10.1	July 21, 2010	001-14536 10962355	
10.5	Capital Management Maintenance Agreement, effective February 20, 2004, between PartnerRe Ltd., PartnerRe U.S. Corporation and Partner Reinsurance Company of the U.S.	10-Q	10.2	August 6, 2004	001-14536 04957898	
10.5.1	Capital Management Maintenance Agreement, effective July 27, 2005, between PartnerRe Ltd., PartnerRe Holdings Ireland Limited and PartnerRe Ireland Insurance Limited.	8-K	10.1	August 1, 2005	001-14536 05988483	
10.5.2	Capital Management Maintenance Agreement, effective January 1, 2008, between PartnerRe Ltd. and Partner Reinsurance Europe Limited.	10-K	10.5.2	February 29, 2008	001-14536 08653416	
10.7	PartnerRe Ltd. 1993 Stock Option Plan, as amended as of May 2, 1997.	10-K	10.9	March 30, 1999	001-14536	
10.8	Directors' Deferred Compensation Plan.	10-K	10.15	March 26,1997	0-2253	
10.9	PartnerRe Ltd. Amended Employee Incentive Plan, effective February 6, 1996.					X
10.9.1	Form of PartnerRe Ltd. Amended Employee Incentive Plan Executive Stock Option Agreement and Notice of Grant.	8-K	10.1	February 16, 2005	001-14536 05621655	
10.9.2	Form of PartnerRe Ltd. Amended Employee Incentive Plan Executive Restricted Stock Unit Award Agreement and Notice of Restricted Stock Units.	8-K	10.2	February 16, 2005	001-14536 05621655	

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Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	Original Number	Date Filed	SEC File Reference Number	
10.10	PartnerRe Ltd. Amended and Restated Employee Equity Plan, effective May 10, 2005.					X
10.10.1	Form PartnerRe Ltd. Amended and Restated Employee Equity Plan Executive Restricted Share Unit Award Agreement.					X
10.10.2	Form PartnerRe Ltd. Amended and Restated Employee Equity Plan Executive Share-Settled Share Appreciation Right Agreement.					X
10.11	PartnerRe Ltd. 2009 Employee Share Purchase Plan effective May 22, 2009.	10-Q	10.1	August 10, 2009	001-14536 09998853	
10.12	PartnerRe Ltd. Swiss Share Purchase Plan effective February 25, 2002.					X
10.13	PartnerRe Ltd. Non-Employee Directors Share Plan dated May 22, 2003.					X
10.13.1	Form of PartnerRe Ltd. Non-Employee Directors Stock Plan Director Stock Option Agreement and Notice of Grant.	8-K	10.01	September 20, 2004	001-14536 041037442	
10.13.2	Form of PartnerRe Ltd. Non-Employee Directors Stock Plan Restricted Share Unit Award and Notice of Restricted Share Units.	8-K	10.02	September 20, 2004	001-14536 041037442	
10.14	Form of Annual Incentive Deferral Executive Restricted Shares Unit Award Agreement.	8-K	10.3	May 16, 2005	001-14536 05835956	
10.15	Form of Executive Restricted Shares Unit Award Agreement Company Match on AI Deferral.	8-K	10.4	May 16, 2005	001-14536 05835956	
10.16	Form of Executive Stock Option Agreement.	8-K	10.5	May 16, 2005	001-14536 05835956	
10.17	PartnerRe Ltd. Change in Control Policy.					X
10.18	Executive Total Compensation Program.	10-K	10.17	March 10, 2005	001-14536 05673024	
10.18.1	Amended Executive Total Compensation Program.	8-K	10.1	November 15, 2005	001-14536 051206658	
10.18.2	Amended Executive Total Compensation Program.	10-Q	10.17	November 4, 2009	001-14536 091158470	
10.18.3	Board of Directors Compensation Program for Non-Executive Directors.	10-K	10.17.2	February 27, 2009	001-14536 09640890	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	Original Number	Date Filed	SEC File Reference Number	
10.19	Employment Agreement between PartnerRe Ltd. and Bruno Meyenhofer, dated November 19, 1998 with English translation.	10-K	10.19	March 30, 2000	001-14536	
10.19.1	Amendment to Employment Agreement between PartnerRe Ltd. and Bruno Meyenhofer, dated as of July 5, 2000.	10-Q	10.0	August 14, 2000	001-14536	
10.20	Employment Agreement between PartnerRe Ltd. and Albert Benchimol, dated as of March 1, 2000.	10-Q	10.0	May 15, 2000	001-14536	
10.21	Employment Agreement between PartnerRe Ltd. and Patrick A. Thiele, dated September 29, 2000, as amended dated February 27, 2001.	10-K	10.24	April 2, 2001	001-14536	
10.21.1	Amendment to Employment Agreement between PartnerRe Ltd. and Patrick A. Thiele, effective as of February 26, 2002.	8-K	99.1	March 25, 2002	001-14536 02584632	
10.21.2	Letter Agreement Between PartnerRe Ltd. and Patrick A. Thiele dated May 15, 2007.	10-Q	10.1	August 9, 2007	001-14536 071037066	
10.21.3	Amended and Restated Retention Award Agreement between PartnerRe Ltd. and Patrick A. Thiele, dated November 19, 2009.	10-K	10.22.3	March 1, 2010	001-14536 10646399	
10.22	Employment Agreement between Partner Reinsurance Company Ltd. and Costas Miranthis dated as of September 1, 2007.	8-K	10.1	October 1, 2007	001-14536 071146993	
10.22.1	Employment Agreement between Partner Reinsurance Company Ltd. and Costas Miranthis dated as of January 1, 2011	8-K	10.1	February 23, 2011	001-14536 11632606	
10.23	Executive Employment Agreement between Partner Reinsurance Company of the U.S. and Tad Walker dated January 6, 2009.	8-K	10.1	January 6, 2009	001-14536 09510906	
10.24	Executive Employment Agreement between PartnerRe Capital Markets Corp. and Albert A. Benchimol dated as of January 1, 2009.	8-K	10.1	February 11, 2009	001-14536 09589545	
10.24.1	Letter Agreement between PartnerRe Ltd. and Albert A. Benchimol dated as of July 28, 2010.	8-K	10.1	August 3, 2010	001-14536 10988370	
10.25	Securities Purchase Agreement dated as of July 4, 2009 among PartnerRe Ltd., PARIS RE Holdings Limited and the sellers named therein.	8-K	2.1	July 9, 2009	001-14536 09937187	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Original Number	Date Filed	SEC File Reference Number	Filed Herewith
10.25.1	Amendment No. 1 to the Securities Purchase Agreement dated as of July 17, 2009 among PartnerRe Ltd., PARIS RE Holdings Limited and the sellers named therein.	8-K	2.1	July 23, 2009	001-14536 09957790	
10.25.2	Amendment No. 2 to the Securities Purchase Agreement dated as of September 28, 2009 among PartnerRe Ltd., PartnerRe Holdings II Switzerland GmbH, PARIS RE Holdings Limited and the sellers named therein.	8-K	2.2	September 29, 2009	001-14536 091093820	
10.25.3	Transaction Agreement dated as of July 4, 2009 between PartnerRe Ltd. and PARIS RE Holdings Limited.	8-K	2.2	July 9, 2009	001-14536 09937187	
10.25.4	Amendment No. 1 to the Transaction Agreement dated as of September 28, 2009 among PartnerRe Ltd., PARIS RE Holdings Limited and PartnerRe Holdings II Switzerland GmbH.	8-K	2.1	September 29, 2009	001-14536 091093820	
10.25.5	Form of Investor Agreement between PartnerRe Ltd. and shareholders party thereto.	8-K	2.3	July 9, 2009	001-14536 09937187	
10.25.6	Form of Registration Rights Agreement between PartnerRe Ltd. and shareholders party thereto.	8-K	2.4	July 9, 2009	001-14536 09937187	
10.25.7	Tender and Support Agreement dated as of July 4, 2009 between PartnerRe Ltd. and Hans-Peter Gerhardt.	8-K	2.5	July 9, 2009	001-14536 09937187	
10.25.8	Tender and Support Agreement dated as of July 4, 2009 among PartnerRe Ltd., Gordel Holdings Limited, Goldman Sachs & Co. Profit Sharing Master Trust, OZ Master Fund, Ltd. and OZ Europe Master Fund Ltd.	8-K	2.6	July 9, 2009	001-14536 09937187	
10.25.9	Amendment No. 1 to the Tender and Support Agreement dated as of July 25, 2009 among PartnerRe Ltd., Gordel Holdings Limited, Goldman Sachs & Co. Profit Sharing Master Trust, OZ Master Fund, Ltd., OZ Europe Master Fund Ltd. and OZ Select Master Fund, Ltd.	8-K	2.2	July 27, 2009	001-14536 09965322	

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Exhibit Number	Exhibit Description	Incorporated by Reference Form	Original Number	Date Filed	SEC File Reference Number	Filed Herewith
10.25.10	Form of Securities Purchase Agreement dated as of July 17, 2009 and effective as of July 25, 2009 between PartnerRe Ltd. and each seller named therein.	8-K	2.1	July 27, 2009	001-14536 09965322	
10.25.11	Securities Purchase Agreement dated as of September 28, 2009 among PartnerRe Ltd., PartnerRe Holdings II Switzerland GmbH and Mr. Hans-Peter Gerhardt.	8-K	2.3	September 29, 2009	001-14536 091093820	
10.25.12	Form of Securities Purchase Agreement dated as of October 15, 2009 and effective as of October 21, 2009 among PartnerRe Ltd., PartnerRe Holdings II GmbH and the seller named therein.	8-K	2.1	October 23, 2009	001-14536 09113457	
10.25.13	Form of Voting Agreement dated as of October 21, 2009 among PartnerRe Ltd., PartnerRe Holdings II GmbH and the shareholder named therein.	8-K	2.2	October 23, 2009	001-14536 091134537	
10.26.1	Amended and Restated Run Off Services and Management Agreement dated as of December 21, 2006 between AXA Liabilities Managers, AXA RE and PARIS RE.	10-K	10.27.1	March 1, 2010	001-14536 10646399	
10.26.2	Reserve Agreement dated as of December 21, 2006 between AXA, AXA RE and PARIS RE.	10-K	10.27.2	March 1, 2010	001-14536 10646399	
10.26.3	Claims Management and Services Agreement dated as of December 21, 2006 between AXA RE and PARIS RE.	10-K	10.27.3	March 1, 2010	001-14536 10646399	
10.26.4	Canadian Quota Share Retrocession Agreement dated December 21, 2006 and effective January 1, 2006 between AXA RE and PARIS RE.	10-K	10.27.4	March 1, 2010	001-14536 10646399	
10.26.5	Quota Share Retrocession Agreement dated December 21, 2006 and effective January 1, 2006 between AXA RE and PARIS RE.	10-K	10.27.5	March 1, 2010	001-14536 10646399	
10.26.5.1	Endorsement to Quota Share Retrocession Agreement dated February 1, 2011 and effective January 1, 2006 between Colisée Re and Partner Reinsurance Europe Limited.	8-K	10.1	February 7, 2011	001-14536 11579242	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Original Number	Date Filed	SEC File Reference Number	Filed Herewith
10.26.6	USD 200,000,000 Committed Standby Letter of Credit Facility dated December 18, 2008 between PARIS RE and Natixis	10-K	10.27.6	March 1, 2010	001-14536 10646399	
10.26.7	Charge over Custody Accounts dated December 18, 2008 between PARIS RE and Natixis.	10-K	10.27.7	March 1, 2010	001-14536 10646399	
10.26.8	Account Control Agreement dated December 18, 2008 between PARIS RE, BNY Mellon Asset Servicing B.V., London Branch and Natixis.	10-K	10.27.8	March 1, 2010	001-14536 10646399	
10.26.9	USD 150,000,000 Committed Standby Letter of Credit Facility dated January 21, 2009 between PARIS RE and CALYON with English translation.	10-K	10.27.9	March 1, 2010	001-14536 10646399	
10.26.10	Charge over Custody Accounts dated January 21, 2009 between PARIS RE and CALYON.	10-K	10.27.10	March 1, 2010	001-14536 10646399	
10.26.11	Account Control Agreement between PARIS RE, BNY Mellon Asset Servicing B.V., London Branch and CALYON.	10-K	10.27.11	March 1, 2010	001-14536 10646399	
10.27	Form of Indemnification Agreement between PartnerRe Ltd. and its directors.	10-Q	10.16	November 4, 2009	001-14536 091158470	
14.1	Code of Business Conduct and Ethics.					X
21.1	Subsidiaries of the Company.					X
23.1	Consent of Deloitte & Touche.					X
31.1	Certification of Constantinos Miranthis, Chief Executive Officer, as required by Rule 13a-14(a) of the Securities Exchange Act of 1934.					X
31.2	Certification of William Babcock, Chief Financial Officer, as required by Rule 13a-14(a) of the Securities Exchange Act of 1934.					X
32	Certifications of Constantinos Miranthis, Chief Executive Officer, and William Babcock, Chief Financial Officer, as required by Rule 13a-14(b) of the Securities Exchange Act of 1934.					X

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Exhibit Number	Exhibit Description	Incorporated by Reference: Form	Original Number	Date Filed	SEC File Reference Number	Filed Herewith
101.1	The following financial information from PartnerRe Ltd.'s Annual Report on Form 10–K for the year ended December 31, 2010 formatted in XBRL: (i) Consolidated Balance Sheets at December 31, 2010, and December 31, 2009; (ii) Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended December 31, 2010, 2009 and 2008; (iii) Consolidated Statements of Shareholders' Equity for the years ended December 31, 2010, 2009 and 2008; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008; and (v) Notes to Consolidated Financial Statements[1].					

(1) As provided in Rule 406T of Regulation S-T, this information is "furnished" herewith and not "filed" for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934. Such exhibit will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 unless PartnerRe Ltd. specifically incorporates it by reference.

Exhibit 10.9

PartnerRe

PARTNERRE LTD.
AMENDED EMPLOYEE INCENTIVE PLAN

Effective February 6, 1996

Section 1. PURPOSE

The purpose of the Plan is to provide a means through which the Company and its Subsidiaries may attract able persons to enter and remain in their employ and to provide a means whereby those key employees and other persons upon whom the responsibilities of the successful administration and management of the Company rest, and whose present and potential contributions to the welfare of the Company are of importance, can acquire and maintain stock ownership, thereby strengthening their commitment to the welfare of the Company and promoting an identity of interest between stockholders and these key employees. It is intended that certain options granted under this Plan may qualify as "incentive stock options" under Section 422 of the Code.

Section 2. DEFINITIONS

(a) "Award" means, individually or collectively, any award of Incentive Stock Options, Nonqualified Stock Options, Restricted Stock, Phantom Stock Units, Performance Units or Performance Shares.

(b) "Award Agreement" means a written agreement between the Company and a Participant setting forth the specific terms of an Award.

(c) "Board" means the Board of Directors of the Company.

(d) "Change in Control" shall occur when (i) any "person" within the meaning of Section 14(d) of the Exchange Act, other than the Company, a Subsidiary or any employee benefit plan(s) sponsored by the Company or any Subsidiary, is or becomes the "beneficial owner" (as defined in Rule 13d–3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty (50%) of the combined voting power of the Company's outstanding voting securities generally in the election of directors; (ii) at any time during a period of twelve (12) consecutive months, individuals who at the beginning of such period constituted the Board cease for any reason to constitute at least a majority thereof, provided that any person subsequently becoming a director whose election, or nomination for election by the Company's shareholders was on the recommendation or with the approval of at least two-thirds of the directors comprising the Board on the effective date of this Plan (either by a specific vote or by approval of

the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be, for purposes of this clause (ii), considered as though such person were a member of the Board at the beginning of such period; and provided further that, notwithstanding the foregoing, no such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a–11 or Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of an individual, corporation, partnership, group, associate or other entity or "person" other than the Board shall in any event be considered to be a director in office at the beginning of such period; (iii) any one "person", or more than one "person" acting as a group (as determined under U.S. Treasury Regulation Section 1.409A-3(i)(f)(v)(B)), other than any Subsidiary, acquires (or has acquired during the 12- month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value (as determined in good faith by the Board without regard to any liabilities associated with such assets) of more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; or (iv) there occurs a reorganization, merger, consolidation or other corporate transaction involving the Company (a "Transaction"), other than with a wholly-owned Subsidiary and other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or ultimate parent thereof) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity, or the ultimate parent thereof, outstanding immediately after such Transaction.

(e) "Code" means the U.S. Internal Revenue Code of 1986, as amended.

(f) "Committee" means the Human Resources Committee of the Board or such other committee as the Board may appoint to administer the Plan.

(g) "Common Stock" or "Stock" means the authorized common shares of, par value $1.00 per share, the Company.

(h) "Company" means PartnerRe Ltd.

(i) "Consultant" means any person, including any advisor, engaged by the Company or a Subsidiary to render consulting, advisory or other services and who is compensated for such services. The term Consultant shall not include any Director.

(j) "Date of Grant" means the date on which the granting of an Award is authorized or such other date as may be specified in such authorization.

(k) "Disqualifying Disposition" means any disposition (including any sale) of Stock acquired by exercise of an Incentive Stock Option made within the period which is (a) two years after the date the Participant was granted the Incentive Stock Option or (b) one year after the date the Participant acquired Stock by exercising the Incentive Stock Option.

(l) "Dividend Equivalents" shall have the meaning specified in Section 9 hereof.

(m) "Eligible Person" means an Employee or a Consultant.

(n) "Employee" means a current or prospective common law employee of the Company or a Subsidiary.

(o) "Expiration Date" means the tenth anniversary of the Date of Grant.

(p) Save as otherwise defined in Section 7 (c), "Fair Market Value" of a share of Stock on a given date means (A) if the Stock is listed on a national securities exchange, the mean between the highest and lowest sale prices reported as having occurred on the primary exchange with which the Stock is listed and traded on the date prior to such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported, or (B) if the Stock is not listed on any national securities exchange but is quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System on a last sale basis, the average between the high bid price and low ask price reported on the date prior to such date, or, if there is no such sale on that date then on the last preceding date on which such a sale was reported. If the Stock is not quoted on NASDAQ-NMS or listed on an exchange, or representative quotes are not otherwise available, the Fair Market Value shall mean the amount determined by the Board in good faith to be the fair market value per share of Stock, on a fully diluted basis

(q) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(r) "Nonqualified Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(s) "Option" means an Incentive Stock Option or a Nonqualified Stock Option granted pursuant to the Plan.

(t) "Original Effective Date" means February 2, 1996.

(u) "Participant" means an Eligible Person to whom an Award is granted pursuant to the Plan or, if applicable, such other Eligible Person who holds an outstanding Award.

(v) "Performance Goals" means the performance objectives of the Company during a Performance Period or a Restricted Period established for the purpose of determining whether, and to what extent, Awards will be earned for a Performance Period or a Restricted Period.

(w) "Performance Period" means a period of time within which performance is measured for the purpose of determining whether an Award of Performance Units or Performance Shares has been earned.

(x) "Performance Unit" or "Performance Share" means an Award granted pursuant to Section 8 of the Plan.

(y) "Phantom Stock Unit" means a hypothetical investment-equivalent equal to the Fair Market Value of a share of Stock granted in connection with an Award made under Section 9 of the Plan.

(z) "Plan" means the PartnerRe Ltd. Employee Incentive Plan, as amended from time to time.

(aa) "Restricted Period" means, with respect to any share of Restricted Stock or Phantom Stock Unit, the period of time determined by the Committee during which such share of Restricted Stock or Phantom Stock Unit is subject to the restrictions set forth in Section 9.

(bb) "Restricted Stock" means shares of Common Stock issued to a Participant subject to the restrictions set forth in Section 9.

(cc) "Restricted Stock Award" means an Award granted under Section 9 of the Plan.

(dd) "Subsidiary" means any corporation of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company and otherwise as provided in Section 86 of the Companies Act 1981 of Bermuda.

Section 3. DURATION

The Plan expires on the tenth anniversary of the Original Effective Date, and no further Awards may be made after the expiration thereof.

Notwithstanding the term expressed above, the Plan shall continue in effect until all matters relating to the payment of Awards and administration of the Plan have been settled.

Section 4. ADMINISTRATION

The Committee shall have authority to administer the Plan, or delegate certain matters to the Company's Chief Executive Officer, including, without limitation:

(a) Select the Eligible Persons to participate in the Plan;

(b) Determine the nature and extent of the Awards to be made to each Participant;

(c) Determine the time or times when Awards will be made;

(d) Determine the duration of each Performance Period or Restricted Period;

(e) Determine the conditions to which the payment of Awards may be subject;

(f) Establish and adjudicate the Performance Goals and Awards consequent thereon for each Performance Period or Restricted Period;

(g) Accelerate the vesting of any outstanding Award and reduce the Restricted Period applicable to any Award;

(h) Prescribe the form or forms of Award Agreements; and

(i) Cause records to be established in which there shall be entered, from time to time as Awards are made to Participants, the date of each Award, the number of Options, Phantom Stock Units, Performance Units, Performance Shares and shares of Restricted Stock awarded by the Committee to each Participant, and the duration of any applicable vesting period, Performance Period or Restricted Period.

Section 5. ELIGIBILITY.

(a) General. Participation shall be limited to Eligible Persons who have received notification from the Committee, or from a person designated by the Committee, that they have been selected to participate in the Plan. Except in the case of Incentive Stock Options, Awards may be granted to Employees and Consultants.

(b) Incentive Stock Option Limitation. Incentive Stock Options may be granted only to Employees.

Section 6. STOCK SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to Section 11 hereof relating to adjustments, the total number of shares of Stock which may be granted pursuant to Awards hereunder shall not exceed, in the aggregate, 3,500,000 shares of Stock.

(b) Source. The stock to be granted or optioned under the Plan shall be shares of authorized but unissued Stock or previously issued shares of Stock reacquired by the Company on the open market or by private purchase.

(c) Reversion of Shares. If any Award shall for any reason expire, be forfeited or otherwise terminate, in whole or in part, the shares of Stock not acquired under such Award shall revert to and again become available for issuance under the Plan.

(d) Compliance under the Companies Act. Awards under the Plan shall be bona fide in compliance with Section 39A(4)(b) of the Companies Act 1981 of Bermuda.

Section 7. OPTIONS.

(a) General. Options granted hereunder shall be in such form and shall contain such terms and conditions, as the Committee shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonqualified Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of

Common Stock purchased on exercise of each type of Option. The provisions of separate Options shall be set forth in an Award Agreement, which agreements need not be identical, and each Option shall include (through incorporation of provisions hereof by reference in the Award Agreement or otherwise) the substance of each of the following provisions:

(i) Term. Subject to Section 7(b) hereof in the case of Incentive Stock Options, no Option granted hereunder shall be exercisable after the expiration of ten (10) years from the date it was granted.

(ii) Exercise Price. Subject to Section 7(b) hereof in the case of Incentive Stock Options, the exercise price per share of Stock for each Option shall be set by the Committee at the time of grant but shall not be less than the par value per share of Stock.

(iii) Payment for Stock. Payment for shares of Stock acquired pursuant to Options granted hereunder shall be made in full, or adequate provision made therefor, upon exercise of the Options (A) in immediately available funds in United States dollars, by wire transfer, certified or bank cashier's check, (B) by surrender to or withheld by the Company of shares of Stock which have a Fair Market Value equal to such aggregate exercise price and/or any taxes withheld with respect to such exercise and which satisfy such other requirements as the Committee may impose (including by Net-Settled Exercise, as defined below), (C) by delivering irrevocable trade instructions to a stockbroker to deliver promptly to the Company an amount of sale or loan proceeds sufficient to pay the aggregate exercise price, (D) by any combination of (A), (B), or (C) above, or (E) by any other means approved by the Committee. Notwithstanding the above, should any taxes be withheld in accordance with Section 7(a)(iii)(B) in connection with a Net-Settled Exercise pursuant to Section 7(c), the Fair Market Value of such shares of Stock withheld to pay such taxes shall be calculated in accordance with Section 7(c).

(iv) Vesting. Options shall vest and become exercisable in such manner and on such date or dates set forth in the Award Agreement, as may be determined by the Committee; provided, however, that notwithstanding any vesting dates set by the Committee, the Committee may in its sole discretion accelerate the vesting of any Option, which acceleration shall not affect the terms and conditions of any such Option other than with respect to vesting.

Notwithstanding the above, if a Participant ceases employment with the Company by reason of death or disability, (A) any Options held by such Participant which are vested on the date of such termination shall remain exercisable for twelve (12) months following the date of such termination, but in no event later than the Expiration Date, and (B) any unvested Options held by such Participant shall vest on the date of such termination and shall remain exercisable for twelve (12) months following the date of such termination, but in no event later than the Expiration Date.

In respect of French Participants only:

If a French Participant ceases employment with the Company by reason of:

(X) disability (permanent disability as defined as second and third class of disability as provided by article L341-4 of the French Social Security Code) – (i) any Options

held by such Participant which are vested on the date of such termination shall remain exercisable for twelve (12) months following the date of such termination, but in no event later than the Expiration Date, and (ii) any unvested Options held by such Participant shall vest on the date of such termination and shall remain exercisable for twelve (12) months following the date of such termination, but in no event later than the Expiration Date. The Blocking Period (as defined in the applicable Award Agreement) shall be deemed to expire on the date of such termination.

(Y) death – (i) any Options held by such Participant which are vested on the date of such termination shall remain exercisable for six (6) months following the date of such termination, but in no event later than the Expiration Date, and (ii) any unvested Options held by such Participant shall vest on the date of such termination and shall remain exercisable for six (6) months following the date of such termination, but in no event later than the Expiration Date. The Blocking Period (as defined in the applicable Award Agreement) shall be deemed to expire on the date of such termination.

(v) Transferability of Options. An Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant; provided, however, that the Participant may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Participant, shall thereafter be entitled to exercise the Option. Notwithstanding the foregoing, a Nonqualified Stock Option shall be transferable to the extent provided in the Award Agreement.

(b) Special Provisions Applicable to Incentive Stock Options.

(i) Exercise Price of Incentive Stock Options. Subject to the provisions of subsection (ii) hereof, the exercise price of each Incentive Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Stock subject to the Option on the date the Option is granted.

(ii) Ten Percent (10%) Shareholders. No Incentive Stock Option may be granted to an Employee who, at the time the option is granted, owns directly, or indirectly within the meaning of Section 424(d) of the Code, stock possessing more than 10 percent of the total combined voting power of all classes of stock of the Company or of any parent or subsidiary thereof, unless such option (A) has an exercise price of at least 110 percent of the Fair Market Value on the date of the grant of such option; and (B) cannot be exercised more than five years after the date it is granted.

(iii) $100,000 Limitation. To the extent the aggregate Fair Market Value (determined as of the date of grant) of Stock for which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company and its Affiliates) exceeds $100,000, such excess Incentive Stock Options shall be treated as Nonqualified Stock Options.

(iv) Disqualifying Dispositions. Each Participant who receives an Incentive Stock Option must agree to notify the Company in writing immediately after the Participant makes a Disqualifying Disposition of any Stock acquired pursuant to the exercise of an

Incentive Stock Option. A Net-Settled Exercise (as defined below) of any Incentive Stock Option will result in a Disqualifying Disposition of all shares of Stock underlying such Incentive Stock Option that are withheld pursuant to such Net-Settled Exercise.

(c) Net-Settled Exercise. Any Option granted hereunder may be exercised such that such Option is settled by delivery to the Participant of a number of shares of Stock having a value equal to the excess of the Fair Market Value of all shares of Stock underlying the Option (or portion thereof being so exercised) over the aggregate exercise price thereof (such exercise, a "Net-Settled Exercise" and the resulting net shares of Stock delivered to the Participant, the "Net Shares"). To effect a Net-Settled Exercise of any Option, the Participant must complete and return to the Company a notice of intent to exercise such Option through a Net-Settled Exercise (the "Net-Settlement Notice"). Once the Company receives the Net-Settlement Notice, the Net-Settled Exercise of any Option so indicated in such Net-Settlement Notice shall be deemed irrevocable and any Net Shares resulting from such Net-Settled Exercise shall be delivered to the Participant on the third business day following the day on which the Company receives the Net-Settlement Notice, with the number of Net Shares to be determined using the Fair Market Value of a share of Stock on the day on which the Company receives the Net-Settlement Notice.

Notwithstanding as defined or as applicable anywhere else in this Plan, for the purposes of this Section 7(c) only, "Fair Market Value" of a share of Stock on a given date means (A) if the Stock is listed on a national securities exchange, the average of the high and low sale prices reported as having occurred on the primary exchange with which the Stock is listed and traded on such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported, or (B) if the Stock is not listed on any national securities exchange but is quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System on a last sale basis, the average of the high and low sale prices reported on such date, or, if there is no such sale on that date then on the last preceding date on which such a sale was reported. If the Stock is not listed on an exchange, or representative quotes are not otherwise available, the Fair Market Value shall mean the amount determined by the Committee in good faith to be the fair market value per share of Stock, on a fully diluted basis.

Section 8. PERFORMANCE UNITS AND PERFORMANCE SHARES

(a) Grant of Performance Units/Shares. Subject to the terms of the Plan, Performance Units or Performance Shares may be granted to Eligible Persons at any time and from time to time, as shall be determined by the Committee. The Committee shall have complete discretion in determining the number of Performance Units or Performance Shares granted to each Eligible Person.

(b) Value of Performance Units/Shares. Each Performance Share shall have an initial value equal to the Fair Market Value of a share of Common Stock at the time of grant. The Committee shall set Performance Goals for Performance Periods in its discretion which, depending on the extent to which they are met, will determine the number and/or value of Performance Units or Performance Shares that will be paid out to the Participants. The Performance Period pertaining to each Performance Unit or Performance Share Award shall be

between two (2) and six (6) years in length, and shall be established by the Committee at the time of grant.

(c) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the Participant shall be entitled to receive payout on the number of Performance Units or Performance Shares earned by the Participant over the Performance Period, to be determined by the Committee as a function of the extent to which the corresponding Performance Goals have been achieved.

(d) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units and/or Performance Shares shall be made in a single lump sum, within forty-five (45) calendar days following the close of the applicable Performance Period. The Committee, in its discretion, may pay earned Performance Units or Performance Shares in the form of cash or in Stock (or in a combination thereof) which have an aggregate Fair Market Value equal to the value of the earned Performance Units or Performance Shares determined as of the close of the applicable Performance Period.

(e) Termination of Employment. Unless otherwise provided in a Participant's Award Agreement, in the event that a Participant's last day of employment with the Company occurs prior to the last day of a Performance Period, all Performance Units or Performance Shares which relate to such Performance Period shall be forfeited by the Participant.

(f) Nontransferability. A Participant's rights with respect to Performance Units and Performance Shares may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

Section 9. RESTRICTED STOCK AWARDS AND PHANTOM STOCK UNITS

(a) Award of Restricted Stock and Phantom Stock Units.

(i) The Committee shall have the authority (A) to grant Restricted Stock and Phantom Stock Units, (B) to issue Restricted Stock to Participants, and (C) to establish terms, conditions and restrictions applicable to such Restricted Stock and Phantom Stock Units, including the Restricted Period, which may differ with respect to each Participant, the time or times at which Restricted Stock or Phantom Stock Units shall be granted or become vested and the number of shares or units to be covered by each grant.

(ii) The holder of a Restricted Stock Award shall execute and deliver to Group HR an Award Agreement with respect to such Restricted Stock and the appropriate blank stock powers with respect to the Restricted Stock covered by such agreements. If a Participant shall fail to execute the Award Agreement and stock powers, the Award shall be null and void. Subject to the restrictions set forth in Section 9(b), the Participant shall generally have the rights and privileges of a shareholder as to such Restricted Stock, including, without limitation, the right to vote such Restricted Stock and receive dividends.

(iii) In the case of a Restricted Stock Award, the Company shall cause stock certificates registered in the name of the Participant to be issued. During the Restricted Period, such certificates shall remain in the custody of the Company or its agent.

(iv) In the case of an Award of Phantom Stock Units, no shares of Common Stock shall be issued at the time the Award is made, and the Company will not be required to set aside a fund for the payment of any such Award. The Committee shall, in its discretion, determine whether to credit to the account of, or to currently pay to, each Participant who is awarded Phantom Stock Units an amount equal to the cash dividends paid by the Company upon one share of Stock for each Phantom Stock Unit then credited to such Participant's account ("Dividend Equivalents"). Dividend Equivalents credited to a Participant's account may be subject to forfeiture and may bear interest at a rate and subject to such terms as determined by the Committee.

(b) Restrictions.

(i) Restricted Stock awarded to a Participant shall be subject to the following restrictions until the expiration of the Restricted Period: (1) the Participant shall not be entitled to delivery of the stock certificate; (2) the relevant shares shall be subject to the restrictions on transferability established at the time of grant; (3) the relevant shares shall be subject to forfeiture to the extent provided in Section 9(d) and, to the extent such shares are forfeited, such shares shall be canceled and all rights of the Participant to such shares and as a shareholder in respect of them shall terminate.

(ii) Phantom Stock Units awarded to any Participant shall be subject to the following restrictions until the expiration of the Restricted Period: (1) the units shall be subject to forfeiture to the extend provided in Section 9(d), and to the extent such units are forfeited, all rights of the Participant to such units shall terminate without further obligation on the part of the Company and (2) any other restrictions which the Committee may determine in advance are necessary or appropriate.

(c) Restricted Period. The Restricted Period of Restricted Stock and Phantom Stock Units shall commence on the Date of Grant and shall expire (i) on such date or dates as may be established by the Committee at the time of grant, (ii) upon the achievement of prescribed Performance Goals (in each case, as set forth in a Participant's Award Agreement), or (iii) upon any earlier date determined by the Committee in its discretion.

(d) Forfeiture Provisions. Unless otherwise provided in a Participant's Award Agreement, in the event that a Participant's last day of employment occurs prior to the last day of the Restricted Period, that portion of the Restricted Stock Award or Phantom Stock Units with respect to which restrictions have not expired shall be forfeited.

(e) Delivery of Restricted Stock and Settlement of Phantom Stock Units. Subject to Section 9(d) hereof, upon the expiration of the Restricted Period with respect to any shares of Stock covered by a Restricted Stock Award, a stock certificate evidencing the shares of Restricted Stock (to the nearest full share) shall be delivered without charge to the Participant, or

his beneficiary, free of all restrictions under the Plan. Upon the expiration of the Restricted Period with respect to any Phantom Stock Units, the Company shall deliver to the Participant or his beneficiary without any charge one share of Stock for each Phantom Stock Unit which has not then been forfeited and with respect to which the Restricted Period has expired and cash equal to any Dividend Equivalents credited with respect to each such vested unit and the interest thereon, if any; provided, however, that the Committee may, in its sole discretion, elect to pay cash or part cash and part Stock in lieu of delivering only Stock for vested units, based on the Market Value of the Stock on the last day of the Restricted Period.

(f) Payment for Restricted Stock. A Participant shall not be required to make any payment for Stock received pursuant to a Restricted Stock Award.

Section 10. GENERAL

(a) Adjustment of Performance Goals. The Board may, during any Performance Period or Restricted Period, make such adjustments to Performance Goals as it may deem appropriate, to compensate for, or reflect, any significant changes that may have occurred during such Performance Period or Restricted Period in (i) applicable accounting rules or principles or changes in the Company's method of accounting or in that of any other corporation whose performance is relevant to the determination of whether an Award has been earned or (ii) tax laws or other laws or regulations that alter or affect the computation of the measures of Performance Goals used for the calculation of Awards.

(b) Additional provisions of an Award. Awards made under the Plan may be subject to such other provisions as the Committee determines appropriate including, without limitation, provisions to comply with applicable securities laws and applicable tax withholding requirements.

(c) Privileges of Stock Ownership. Except as otherwise specifically provided in the Plan, no person shall be entitled to any of the privileges of stock ownership in respect of shares of Stock subject to Awards granted hereunder until such shares have been duly issued.

(d) Government and Other Regulations. The obligation of the Company to make payment of Awards in Stock or otherwise shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required and to which the Company is subject. The Company shall use its reasonable efforts to cause the shares of Stock reserved under the Plan to be registered under the U.S. Securities Act of 1933, as amended, on Form S-8 prior to the issuance of any shares of Stock under the Plan.

(e) Tax Withholding. Notwithstanding any other provision of the Plan, the Company or a Subsidiary, as appropriate, shall have the right to deduct from all Awards, to the extent paid in cash, all applicable taxes required by law to be withheld with respect to such Awards and, in the case of Awards paid in Stock, the Participant or other person receiving such Stock may be required to pay to the Company or a Subsidiary, as appropriate prior to delivery of such Stock, the amount of any such taxes which the Company or Subsidiary is required to withhold, if any,

with respect to such Stock. Subject to the approval of the Committee, the Company may accept shares of Stock of equivalent Fair Market Value in payment of such withholding tax obligations.

(f) Claim to Awards and Employment Rights. Except as provided herein or in any Award Agreement, no employee or other person shall have any claim or right to be granted an Award under the Plan nor, having been selected for the grant of an Award, to be selected for a grant of any other Award. Neither this Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ of the Company or a Subsidiary.

(g) Conditions. Each Participant to whom Awards are granted under the Plan shall be required to enter into an Award Agreement in a form authorized by the Committee.

(h) Designation and Change of Beneficiary. Each Participant shall file with the Committee a written designation of one or more persons as the beneficiary who shall be entitled to receive the amounts payable with respect to Awards granted hereunder, if any, due under the Plan upon his death. A Participant may, from time to time, revoke or change his beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt.

(i) No Liability of Committee Members. No member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith.

(j) Governing Law. The Plan shall be governed by and construed in accordance with the internal laws of Bermuda without reference to the principles of conflicts of law thereof.

(k) Funding. No provision of the Plan shall require the Company for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other employees under general law.

(l) Nontransferability. Except as otherwise provided herein with respect to Nonqualified Options, a Participant's rights and interest under the Plan, including amounts payable, may not be sold, assigned, donated, or transferred or otherwise disposed of, mortgaged, pledged or encumbered except, in the event of a Participant's death, to a designated beneficiary to the extent permitted by the Plan, or in the absence of such designation, by will or the laws of descent and distribution.

(m) Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company or any Subsidiary except as otherwise specifically provided.

(n) Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

(o) Pronouns. Masculine pronouns and other words of masculine gender shall refer to both men and women.

(p) Titles and Headings. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings shall control.

Section 11. CHANGES IN CAPITAL STRUCTURE

(a) Awards granted hereunder shall be subject to adjustment or substitution, as determined by the Board in its sole discretion, as to the number, price or kind of a share of Stock or other consideration subject to such Awards or as otherwise determined by the Board to be equitable (i) in the event of changes in the outstanding Stock or in the capital structure of the Company, by reason of stock dividends, stock splits, recapitalizations, reorganizations, mergers, consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the Date of Grant of any such Award or (ii) in the event of any change in applicable laws or any change in circumstances which results in or would result in any substantial dilution or enlargement of the rights granted to, or available for, Participants in the Plan, or which otherwise warrants equitable adjustment. In addition, in the event of any such adjustments or substitution, the aggregate number of shares of Stock available under the Plan shall be appropriately adjusted by the Board, whose determination shall be conclusive. The Company shall give each Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes.

Section 12. EFFECT OF CHANGE IN CONTROL

(a) In the event of a Change in Control, notwithstanding any vesting schedule established by the Committee (i) with respect to an Award of Restricted Stock or Phantom Stock Units, the Restricted Period shall expire immediately with respect to 100 percent of the shares of Restricted Stock or Phantom Stock Units subject to such Award, with effect from the day

preceding the date of such change, and (ii) all outstanding Options shall immediately vest and become exercisable.

(b) In the event of a Change in Control, all incomplete Performance Periods in effect on the date the Change in Control occurs shall end on the day preceding the date of such change, and the Company shall cause to be paid to each Participant the full amount of any Performance Units or Performance Shares relating to such Performance Period.

(c) The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company. The Company agrees that it will make appropriate provisions for the preservation of Participant's rights under the Plan in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

Section 13. NONEXCLUSIVITY OF THE PLAN

Neither the adoption of this Plan by the Board nor the submission of this Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options under the Stock Option Plan, and such arrangements may be either applicable generally or only in specific cases.

Section 14. AMENDMENTS AND TERMINATION

Subject to the applicable rules of Section 409A of the Code, the Board may at any time terminate the Plan. With the express written consent of an individual Participant, the Board may cancel or reduce or otherwise alter the outstanding Awards thereunder. The Board may, at any time, or from time to time, amend or suspend and, if suspended, reinstate, the Plan in whole or in part, provided, however, that without further stockholder approval the Board shall not:

(a) Increase the maximum number of shares of Stock which may be issued under the Plan, except as provided in Section 11; or

(b) Extend the termination date of the Plan.

The preceding notwithstanding, no amendment, suspension or termination of the Plan shall cancel, reduce or otherwise adversely affect to a material extent any Awards granted hereunder without the express written consent of the Participant to whom such Award was granted.

Section 15. SECTION 409A OF THE CODE

With respect to any Awards subject to Section 409A of the Code, the Plan is intended to comply with the requirements of Section 409A of the Code, and the provisions of the Plan and any Award Agreement shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and the Plan shall be operated accordingly. If any provision of the Plan

or any term or condition of any Award would otherwise frustrate or conflict with this intent, the provision, term or condition will be interpreted and deemed amended so as to avoid this conflict. For the avoidance of doubt, nothing in the Plan is intended to guarantee that the Participants will not be subjected to the payment of "additional tax" or interest under Section 409A, and nothing in the Plan permits the Participants to seek or obtain such indemnification from the Company for any such "additional tax" or interest.

* * *

Exhibit 10.10

PartnerRe

PARTNERRE LTD.
AMENDED AND RESTATED EMPLOYEE EQUITY PLAN

Effective May 10, 2005

Section 1. PURPOSE

The purpose of the Plan is to provide a means through which the Company and its Subsidiaries may attract able persons to enter and remain in their employ and to provide a means whereby those key employees and other persons upon whom the responsibilities of the successful administration and management of the Company rest, and whose present and potential contributions to the welfare of the Company are of importance, can acquire and maintain share ownership, thereby strengthening their commitment to the welfare of the Company and promoting an identity of interest between shareholders and these key employees. It is intended that certain options granted under this Plan may qualify as "incentive stock options" under Section 422 of the Code.

Section 2. DEFINITIONS

(a) "*Award*" means, individually or collectively, any award of Incentive Stock Options, Nonqualified Stock Options, Restricted Shares or Restricted Share Units or any Performance Award.

(b) "*Award Agreement*" means a written agreement or instrument between the Company and a Participant setting forth the specific terms of an Award, which may, but need not, be executed by the Participant.

(c) "*Board*" means the Board of Directors of the Company.

(d) "*Change in Control*" shall occur when (i) any "person" within the meaning of Section 14(d) of the Exchange Act, other than the Company, a Subsidiary or any employee benefit plan(s) sponsored by the Company or any Subsidiary, is or becomes the "beneficial owner" (as defined in Rule 13d–3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty (50%) of the combined voting power of the Company's outstanding voting securities generally in the election of directors; (ii) at any time during a period of twelve (12) consecutive months, individuals who at the beginning of such period constituted the Board cease for any reason to constitute at least a majority thereof, provided that any person subsequently becoming a director whose election, or nomination for election by the Company's shareholders was on the recommendation or with the approval of at least two-thirds of the directors comprising the Board on the effective date of this Plan (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be, for purposes of this clause (ii), considered as though such person were a member of the Board at the beginning of such period; and provided further that,

notwithstanding the foregoing, no such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a–11 or Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of an individual, corporation, partnership, group, associate or other entity or "person" other than the Board shall in any event be considered to be a director in office at the beginning of such period; (iii) any one "person", or more than one "person" acting as a group (as determined under U.S. Treasury Regulation Section 1.409A-3(i)(f)(v)(B)), other than any Subsidiary, acquires (or has acquired during the 12- month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value (as determined in good faith by the Board without regard to any liabilities associated with such assets) of more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; or (iv) there occurs a reorganization, merger, consolidation or other corporate transaction involving the Company (a "Transaction"), other than with a wholly-owned Subsidiary and other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or ultimate parent thereof) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity, or the ultimate parent thereof, outstanding immediately after such Transaction.

(e) "*Code*" means the U.S. Internal Revenue Code of 1986, as amended.

(f) "*Committee*" means such committee of the Board as the Board may appoint to administer the Plan.

(g) "*Common Stock*" or "*Shares*" means the authorized common shares, par value US$1.00 per share, of the Company.

(h) "*Company*" means PartnerRe Ltd.

(i) "*Consultant*" means any person, including any advisor, engaged by the Company or a Subsidiary to render consulting, advisory or other services and who is compensated for such services, other than a member of the Board.

(j) "*Date of Grant*" means the date on which the granting of an Award is authorized or such other date as may be specified in such authorization.

(k) "*Disqualifying Disposition*" means any disposition (including any sale) of Shares acquired by exercise of an Incentive Stock Option made within the period which is (a) two years after the date the Participant was granted the Incentive Stock Option or (b) one year after the date the Participant acquired Shares by exercising the Incentive Stock Option.

(l) "*Eligible Person*" means an Employee or a Consultant, or, for the purpose of granting Substitute Awards, a holder of options or other equity based awards relating to the shares of a company acquired by the Company or with which the Company combines.

(m) "*Employee*" means a current or prospective common law employee of the Company or a Subsidiary.

(n) "*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder.

(o) "*Expiration Date*" means the tenth anniversary of the Date of Grant.

(p) Save as otherwise defined in Section 7(c), "*Fair Market Value*" of a Share on a given date means (A) if the Shares are listed on a national securities exchange, the closing sale price reported as having occurred on the primary exchange with which the Shares are listed and traded on such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported, or (B) if the Shares are not listed on any national securities exchange but are quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System on a last sale basis, the closing sale price reported on such date, or, if there is no such sale on that date then on the last preceding date on which such a sale was reported. If the Common Stock is not quoted on NASDAQ–NMS or listed on an exchange, or representative quotes are not otherwise available, the Fair Market Value shall mean the amount determined by the Committee in good faith to be the fair market value per Share, on a fully diluted basis.

(q) "*Incentive Stock Option*" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(r) "*Nonqualified Stock Option*" means an Option not intended to qualify as an Incentive Stock Option.

(s) "*Option*" means an Incentive Stock Option or a Nonqualified Stock Option granted pursuant to the Plan.

(t) "*Participant*" means an Eligible Person to whom an Award is granted pursuant to the Plan.

(u) "*Performance Award*" means an award, denominated in cash or Shares or any combination thereof, granted pursuant to Section 9 of the Plan and payable only upon the achievement of performance targets, as set forth in Section 9.

(v) "*Plan*" means the PartnerRe Ltd. 2005 Equity Compensation Plan, as amended from time to time.

(w) "*Restricted Period*" means, with respect to any Restricted Share or Restricted Share Unit, the period of time determined by the Committee during which such Restricted Share or Restricted Share Unit is subject to restrictions or forfeiture, as set forth in Section 8 and in the applicable Award Agreement.

(x) "*Restricted Share*" means a Common Share issued to a Participant pursuant to Section 8.

(y) "*Restricted Share Unit*" shall mean a contractual right granted under Section 8 that is denominated in Shares, each of which Units represents a right to receive the value of a Share upon the terms and conditions set forth in the Plan and the applicable Award Agreement.

(z) "*Subsidiary*" means any corporation of which a majority of the outstanding voting securities or voting power is beneficially owned directly or indirectly by the Company and otherwise as provided in Section 86 of the Companies Act 1981 of Bermuda, as amended.

(aa) "*Substitute Awards*" shall mean Awards granted in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Company or with which the Company combines.

Section 3. DURATION

The Plan expires on the date of the annual meeting of shareholders in the year 2015, and no further Awards may be made after the expiration thereof. Notwithstanding the expiration of the Plan, the Plan provisions shall continue to govern outstanding Awards until all matters relating to the payment of Awards and administration of the Plan have been settled.

Section 4. ADMINISTRATION

The Committee shall have authority to administer the Plan, including, without limitation, the authority to:

(a) Select the Eligible Persons to participate in the Plan;

(b) Determine the nature and extent of the Awards to be made to each Participant;

(c) Determine the time or times when Awards will be made;

(d) Determine the duration of each Restricted Period and the conditions to which the payment of Awards may be subject;

(e) Establish and adjudicate the performance goals and Awards consequent thereon for each Restricted Period;

(f) Accelerate the vesting of any outstanding Award, reduce the Restricted Period applicable to any Award and/or extend the period following termination of employment during which an Award may be exercised;

(g) Prescribe the form or forms of Award Agreements; and

(h) Cause records to be established in which there shall be entered, from time to time as Awards are made to Participants, the date and type of each Award, the number of Shares underlying each Award, and the duration of any applicable vesting period or Restricted Period.

All decisions of the Committee shall be final, conclusive and binding upon all parties, including the Company, the shareholders and the Participants.

The Committee may delegate to the Chief Executive Officer of the Company the authority, subject to such terms and limitations as the Committee shall determine, to grant Awards to, or to cancel, modify, waive rights with respect to, alter, discontinue, suspend or terminate Awards held by, employees who are not officers or directors of the Company for purposes of Section 16 of the

Exchange Act; *provided*, *however*, that any such delegation shall conform to the requirements of the New York Stock Exchange applicable to the Company, and Bermuda corporate law.

Section 5. ELIGIBILITY.

(a) *General*. Participation shall be limited to Eligible Persons who have received notification from the Committee, or from a person designated by the Committee, that they have been selected to participate in the Plan. Substitute Awards may be granted to holders of options and other equity-based awards relating to the shares of a company acquired by the Company or with which the Company combines.

(b) *Incentive Stock Option Limitation*. Incentive Stock Options may be granted only to Employees.

Section 6. SHARES AVAILABLE FOR AWARDS.

(a) Subject to adjustment as provided below, the total number of Shares available for issuance to which Awards may be made under the Plan shall be 3,305,089 Shares. Notwithstanding the foregoing and subject to adjustment as provided in Section 6(e), (i) no Participant may receive Options and stock appreciation rights under the Plan in any calendar year that relate to more than 500,000 Shares and (ii) of the 3,305,089 Shares, the maximum number of Shares with respect to which Awards may be made under Section 8 is 1,358,325. Awards may be made under Section 8 without regard to such limit if (x) the vesting conditions relating to such Awards are based upon Company or Subsidiary performance measures, (y) such Awards are made in satisfaction of Company obligations to employees that would otherwise be paid in cash or (z) such Awards are issued in connection with the exercise of an Option or other Award hereunder.

(b) If, after the effective date of the Plan, (i) any Shares covered by an Award (other than a Substitute Award), or to which such an Award relates, are terminated, forfeited, or cancelled, or (ii) such an Award otherwise terminates or is settled without the delivery of all the Shares underlying such Award (other than as a result of a Net-Settled Exercise (as defined below), cashless exercise of an Option or similar arrangement), then the Shares covered by such Award, or to which such Award relates, to the extent of any such forfeiture, termination, settlement or cancellation, shall again be, or shall become, available for issuance under the Plan, Shares becoming available for grant following any such forfeiture, termination, settlement or cancellation may be regranted as the same type of Award as the original Award, for purposes of the limits on Award types set forth in Section 6(a).

(c) Any Shares delivered pursuant to an Award shall consist of authorized and unissued Shares.

(d) In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended

to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, including the aggregate and individual limits specified in Section 6(a), (ii) the number and type of Shares (or other securities or property) subject to outstanding Awards, and (iii) the grant, purchase, or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; provided, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

(e) Shares underlying Substitute Awards shall not reduce the number of Shares remaining available for issuance under the Plan.

Section 7. OPTIONS.

(a) *General*. Options granted hereunder shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonqualified Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for Shares purchased on exercise of each type of Option. The provisions of each Option shall be set forth in an Award Agreement, which agreements need not be identical, and each Option shall include (through incorporation of provisions hereof by reference in the Award Agreement or otherwise) the substance of each of the following provisions:

(i) *Term*. Subject to Section 7(b)(ii) hereof in the case of certain Incentive Stock Options, no Option granted hereunder shall be exercisable after the expiration of ten (10) years from the date it was granted.

(ii) *Exercise Price*. Except in the case of Substitute Awards, the exercise price per Share for each Option shall not be less than the Fair Market Value per Share at the time of grant. Except in connection with an action taken pursuant to Section 6(d), no Option shall be amended or replaced in any manner that would have the effect of reducing the exercise price of such Option established at the time of grant thereof.

(iii) *Payment for Stock*. Payment for Shares acquired pursuant to Options granted hereunder shall be made in full, or adequate provision made therefor, upon exercise of the Options (A) in immediately available funds in United States dollars, by wire transfer, certified or bank cashier's check, (B) by surrender to or withheld by the Company of Shares which have a Fair Market Value equal to such aggregate exercise price and/or any taxes withheld with respect to such exercise and which satisfy such other requirements as the Committee may impose (including by Net-Settled Exercise, as defined below), (C) by delivering irrevocable trade instructions to a stockbroker to deliver promptly to the Company an amount of sale or loan proceeds sufficient to pay the aggregate exercise price, (D) by any combination of (A), (B), or (C) above, or (E) by any other means approved by the Committee. Notwithstanding the above, should any taxes be withheld in accordance with Section 7(a)(iii)(B) in connection with a Net-Settled Exercise pursuant to Section 7(c), the Fair Market Value of Shares withheld to pay such taxes shall be calculated in accordance with Section 7(c).

(iv) *Vesting*. Options shall vest and become exercisable in such manner and on such date or dates set forth in the Award Agreement as may be determined by the Committee; provided, however, that notwithstanding any vesting dates set by the Committee, the Committee may in its sole discretion accelerate the vesting of any Option, which acceleration shall not affect the terms and conditions of any such Option other than with respect to vesting. Unless the Committee shall establish another vesting schedule in accordance with the foregoing, Options shall vest and become exercisable in increments of 33%, 33% and 34%, respectively, on the first, second and third anniversaries of the date of grant, provided that the foregoing restriction shall not apply to any Substitute Awards.

Notwithstanding the above, if a Participant ceases employment with the Company by reason of death or disability, (A) any Options (including any Share Appreciation Rights as described below) held by such Participant which are vested on the date of such termination shall remain exercisable for twelve (12) months following the date of such termination, but in no event later than the Expiration Date, and (B) any unvested Options (including any Share Appreciation Rights as described below) held by such Participant shall vest on the date of such termination and shall remain exercisable for twelve (12) months following the date of such termination, but in no event later than the Expiration Date.

In respect of French Participants only:

If a French Participant ceases employment with the Company by reason of:

(X) disability (permanent disability as defined as second and third class of disability as provided by article L341-4 of the French Social Security Code) – (i) any Options held by such Participant which are vested on the date of such termination shall remain exercisable for twelve (12) months following the date of such termination, but in no event later than the Expiration Date, and (ii) any unvested Options held by such Participant shall vest on the date of such termination and shall remain exercisable for twelve (12) months following the date of such termination, but in no event later than the Expiration Date. The Blocking Period (as defined in the applicable Award Agreement) shall be deemed to expire on the date of such termination.

(Y) death – (i) any Options held by such Participant which are vested on the date of such termination shall remain exercisable for six (6) months following the date of such termination, but in no event later than the Expiration Date, and (ii) any unvested Options held by such Participant shall vest on the date of such termination and shall remain exercisable for six (6) months following the date of such termination, but in no event later than the Expiration Date. The Blocking Period (as defined in the applicable Award Agreement) shall be deemed to expire on the date of such termination.

(b) *Special Provisions Applicable to Incentive Stock Options*.

(i) *Exercise Price of Incentive Stock Options*. Subject to the provisions of subsection (ii) hereof, the exercise price of each Incentive Stock Option shall be not less than one hundred

percent (100%) of the Fair Market Value of the Shares subject to the Option on the date the Option is granted.

(ii) *Ten Percent (10%) Shareholders*. No Incentive Stock Option may be granted to an Employee who, at the time the option is granted, owns directly, or indirectly within the meaning of Section 424(d) of the Code, stock possessing more than 10 percent of the total combined voting power of all classes of stock of the Company or of any parent or subsidiary thereof, unless such option (A) has an exercise price of at least 110 percent of the Fair Market Value on the date of the grant of such option; and (B) cannot be exercised more than five years after the date it is granted.

(iii) *$100,000 Limitation*. To the extent the aggregate Fair Market Value (determined as of the date of grant) of Shares for which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company and its affiliates) exceeds $100,000, such excess Incentive Stock Options shall be treated as Nonqualified Stock Options.

(iv) *Disqualifying Dispositions*. Each Participant who receives an Incentive Stock Option must agree to notify the Company in writing immediately after the Participant makes a Disqualifying Disposition of any Shares acquired pursuant to the exercise of an Incentive Stock Option. A Net-Settled Exercise (as defined below) of any Incentive Stock Option will result in a Disqualifying Disposition of all Shares underlying such Incentive Stock Option that are withheld pursuant to such Net-Settled Exercise.

(c) *Net-Settled Exercise*. Any Option granted hereunder may be exercised such that such Option is settled by delivery to the Participant of a number of Shares having a value equal to the excess of the Fair Market Value of all the Shares underlying the Option (or portion thereof being so exercised) over the aggregate exercise price thereof (such exercise, a "Net-Settled Exercise" and the resulting net shares delivered to the Participant, the "Net Shares"). To effect a Net-Settled Exercise of any Option, the Participant must complete and return to the Company a notice of intent to exercise such Option through a Net-Settled Exercise (the "Net-Settlement Notice"). Once the Company receives the Net-Settlement Notice, the Net-Settled Exercise of any Option so indicated in such Net-Settlement Notice shall be deemed irrevocable and any Net Shares resulting from such Net-Settled Exercise shall be delivered to the Participant on the third business day following the day on which the Company receives the Net-Settlement Notice, with the number of Net Shares to be determined using the Fair Market Value of a Share on the day on which the Company receives the Net-Settlement Notice.

Notwithstanding as defined or as applicable anywhere else in this Plan, for the purposes of this Section 7(c) only, "Fair Market Value" of a Share on a given date means (A) if the Shares are listed on a national securities exchange, the average of the high and low sale prices reported as having occurred on the primary exchange with which the Shares are listed and traded on such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported, or (B) if the Shares are not listed on any national securities exchange but are quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System on a last sale basis, the average of the high and low sale prices reported on such date, or, if there is no

such sale on that date then on the last preceding date on which such a sale was reported. If the Common Stock is not listed on an exchange, or representative quotes are not otherwise available, the Fair Market Value shall mean the amount determined by the Committee in good faith to be the fair market value per Share, on a fully diluted basis.

(d) *Share Appreciation Rights.* Any Option granted hereunder may contain a provision requiring, or permitting the Participant to elect, that such Option be settled by delivery to the Participant of a number of Shares having a Fair Market Value equal to the excess of the Fair Market Value of all the Shares underlying the Option (or portion thereof being so exercised) over the aggregate exercise price thereof. Any such Award containing such a provision may be denominated a "Share Appreciation Right". If, and only if, such Share Appreciation Right is issued to a Participant who is not a United States taxpayer at the time of the grant of such Share Appreciation Right and the exercise thereof, the value of the Shares otherwise deliverable to the Participant upon such net share settlement of the Option may, solely at the Company's discretion, be delivered in cash. For the avoidance of doubt, except in the case of Substitute Awards, the exercise price per Share for each such Share Appreciation Right shall not be less than the Fair Market Value per Share at the time of grant.

Section 8. RESTRICTED SHARES AND RESTRICTED SHARE UNITS

(a) The Committee is hereby authorized to grant Awards of Restricted Shares and Restricted Share Units to Participants.

(b) Restricted Shares and Restricted Share Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Restricted Share or the right to receive any dividend, dividend equivalent or other right or property), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate. If the restrictions or vesting conditions applicable to an Award of Restricted Shares or Restricted Share Units relate exclusively to the passage of time and continued employment or provision of services, or refraining therefrom, such time period (during which period such restrictions or vesting conditions may lapse ratably or on a "cliff" basis) shall consist of not less than 36 months, except that the foregoing restriction shall not apply to such Awards if they meet any of the conditions described in Section 6(a)(x), (y) or (z) or (ii) are Substitute Awards.

Notwithstanding the above, if a Participant ceases employment with the Company by reason of death or disability, any Restricted Share Units held by such Participant shall vest on the date of such termination.

(c) Restricted Shares granted under the Plan may be evidenced in such manner as the Committee may deem appropriate including, without limitation, book-entry registration or issuance of a share certificate or certificates. In the event any share certificate is issued in respect of Restricted Shares granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares.

Section 9. PERFORMANCE BASED COMPENSATION

(a) The Committee is hereby authorized to grant Performance Awards to eligible Participants under this Section 9, if the Committee intends that any such Award should qualify as "qualified performance based compensation" for purposes of Section 162(m) of the Code. Each Performance Award shall include a pre-established formula, such that payment, retention or vesting of the Award is subject to the achievement during a performance period or periods, as determined by the Committee, of a level or levels, as determined by the Committee, of one or more of the following performance measures: (i) Return on Net Assets, (ii) Underwriting Year Return on Equity, (iii) Financial Year Return on Common Equity, (iv) Organizational Objectives, (v) Earnings Per Share or (vi) Premium Growth. For any Award subject to any such pre-established formula, no more than $5,000,000, or if such Award is denominated in Shares, 800,000 Shares, can be paid or delivered in satisfaction of such Award to any Participant.

(b) For purposes of this Section, the following terms shall have the meanings set forth below:

(i) "Earnings Per Share" shall mean earnings per share calculated in accordance with Generally Accepted Accounting Principles.

(ii) "Financial Year Return On Common Equity" for a period shall mean net income less preferred share dividends divided by total beginning shareholders equity, less amounts, if any, attributable to preferred shares.

(iii) "Underwriting Year Return on Equity" for a period shall mean the present value of underwriting income divided by the business unit capitalization, plus the risk free rate plus any adjustments for taxation, cost of holding capital or prior year development.

(iv) "Return On Net Assets" for a period shall mean net income less preferred share dividends divided by the difference of average total assets less average non-debt liabilities, with average defined as the sum of assets or liabilities at the beginning and ending of the period divided by two.

(v) "Organizational Objectives" shall mean specific goals established by the Committee relating to operational, non-financial, performance of the Company.

(vi) "Premium Growth" shall mean either an absolute or relative premiums written target on either a gross or net basis.

(c) The Committee shall establish the performance formula for any Performance Award, and shall certify that the requisite performance has been achieved prior to payment thereof, in accordance with the requirements of Section 162(m) and the regulations promulgated thereunder. The Committee shall have the authority to reduce, but not to increase, the amount payable under a Performance Award upon achievement of the performance goals established therefor.

(d) Performance Awards may be paid in cash, Shares or any combination thereof.

Section 10. GENERAL

(a) *Adjustment of Performance Goals*. The Committee may, during any Restricted Period, make such adjustments to performance goals as it may deem appropriate, to compensate for, or reflect, any significant changes that may have occurred during such Restricted Period in (i) applicable accounting rules or principles or changes in the Company's method of accounting or in that of any other corporation whose performance is relevant to the determination of whether an Award has been earned or (ii) tax laws or other laws or regulations that alter or affect the computation of the measures of performance goals used for the calculation of Awards, provided, however, that the Committee may not make any amendment to a Performance Award that is not permitted under Section 162(m) of the Code.

(b) *Privileges of Share Ownership*. Except as otherwise specifically provided in the Plan, no person shall be entitled to any of the privileges of share ownership in respect of Shares subject to Awards granted hereunder until such Shares have been duly issued and the Participant has become the record owner thereof.

(c) *Government and Other Regulations*. The obligation of the Company to make payment of Awards in Shares or otherwise shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required and to which the Company is subject. The Company shall use its reasonable efforts to cause the offer and sale of Shares reserved under the Plan to be registered under the U.S. Securities Act of 1933, as amended, on Form S–8 prior to the issuance of any Shares under the Plan.

(d) *Tax Withholding*. Notwithstanding any other provision of the Plan, the Company or a Subsidiary, as appropriate, shall have the right to deduct from all Awards, to the extent paid in cash, all applicable income, employment, social security or other taxes required by law to be withheld with respect to such Awards and, in the case of Awards paid in Shares, the Participant or other person receiving such Shares may be required to pay to the Company or a Subsidiary, as appropriate prior to delivery of such Shares, the amount of any such taxes which the Company or Subsidiary is required to withhold, if any, with respect to such Shares. Subject to such restrictions or limitations as the Committee may impose, the Company may accept or withhold Shares of equivalent Fair Market Value in payment of such withholding tax obligations.

(e) *Claim to Awards and Employment Rights*. Except as may be provided in any Award Agreement, no employee or other person shall have any claim or right to be granted an Award under the Plan nor, having been selected for the grant of an Award, to be selected for a grant of any other Award. Neither this Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ of the Company or a Subsidiary.

(g) *Designation and Change of Beneficiary*. Each Participant may, in accordance with procedures to be established by the Committee, designate in writing one or more persons as the beneficiary who shall be entitled to receive the amounts payable with respect to Awards granted hereunder, if any, due under the Plan upon his death. A Participant may, from time to time, revoke or change his beneficiary designation without the consent of any prior beneficiary by filing a new such designation. In the event of any issue or question arising in respect of any beneficiary designation, the Company shall be entitled to pay to the Participant's estate any amounts owing to the Participant under the Plan or any Award.

(h) *No Liability of Committee Members*. No member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith.

(i) *Governing Law*. The Plan shall be governed by and construed in accordance with the laws of Bermuda without reference to the principles of conflicts of law thereof.

(j) *Funding*. No provision of the Plan shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other employees under general law.

(k) *Nontransferability*. A Participant's rights and interest under the Plan or under any Award, including amounts payable, may not be sold, assigned, donated, or transferred or otherwise disposed of, mortgaged, pledged or encumbered except, in the event of a Participant's death, to a designated beneficiary to the extent permitted by the Committee, or in the absence of such designation, by will or the laws of descent and distribution. Options shall be exercisable during the lifetime of a Participant only by the Participant. Notwithstanding the foregoing, Awards may be transferable, to the extent provided in the respective Award Agreement, to any person or entity who would be considered a "family member" of the Participant for purposes of Form S-8 under the U.S. Securities Act of 1933, as amended.

(l) *Relationship to Other Benefits*. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company or any Subsidiary except as may otherwise be specifically provided.

(m) *Expenses*. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

(n) *Pronouns*. Masculine pronouns and other words of masculine gender shall refer to both men and women.

(o) *Titles and Headings*. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings shall control.

Section 11. EFFECT OF CHANGE IN CONTROL

(a) In the event of a Change in Control, notwithstanding any vesting schedule established by the Committee (i) with respect to an Award of Restricted Shares or Restricted Share Units, the Restricted Period shall expire immediately with respect to the maximum number of Restricted Shares or Restricted Share Units subject to such Award, with effect from the day preceding the date of such change, (ii) all outstanding Options shall immediately vest and become exercisable and (iii) all outstanding Performance Awards shall be paid as if the performance goals established in connection therewith were fully achieved, except to the extent expressly set forth in the applicable Award Agreement.

(b) The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company.

Section 12. NONEXCLUSIVITY OF THE PLAN

Neither the adoption of this Plan by the Board nor the submission of this Plan to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, arrangements providing for the grant of share options, and such arrangements may be either applicable generally or only in specific cases.

Section 13. AMENDMENTS AND TERMINATION

(a) Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan, the Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; provided, however, that no such amendment, alteration, suspension, discontinuation or termination shall be made without (i) shareholder approval if such approval is necessary to comply with the requirements of the New York Stock Exchange or applicable law, or (ii) the consent of the affected Participant, if such action would adversely affect the rights of such Participant under any outstanding Award. Notwithstanding anything to the contrary herein, the Committee may amend the Plan in such manner as may be necessary to enable the Plan to achieve its stated purposes in any jurisdiction in a tax-efficient manner and in compliance with local rules and regulations.

(b) The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, any Award theretofore granted, prospectively or retroactively, without the consent of any relevant Participant or holder or beneficiary of an Award, *provided*, *however*, that no such action shall impair the rights of any Participant or holder or beneficiary under any Award theretofore granted under the Plan without the consent of the affected Participant, holder or beneficiary.

(c) Any provision of the Plan or any Award Agreement to the contrary notwithstanding, the Committee may cause any Award granted hereunder to be canceled in consideration of a cash payment or alternative Award made to the holder of such canceled Award equal in value to the Fair Market Value of such canceled Award.

(d) The Committee may correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

Section 14. SECTION 409A OF THE CODE

With respect to any Awards subject to Section 409A of the Code, the Plan is intended to comply with the requirements of Section 409A of the Code, and the provisions of the Plan and any Award Agreement shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and the Plan shall be operated accordingly. If any provision of the Plan or any term or condition of any Award would otherwise frustrate or conflict with this intent, the provision, term or condition will be interpreted and deemed amended so as to avoid this conflict. For the avoidance of doubt, nothing in the Plan is intended to guarantee that the Participants will not be subjected to the payment of "additional tax" or interest under Section 409A, and nothing in the Plan permits the Participants to seek or obtain such indemnification from the Company for any such "additional tax" or interest.

*   *   *

PartnerRe Ltd.
Executive Restricted Share Unit Award Agreement

<Name>
<Date>

This Restricted Share Unit Award Agreement (the "Agreement") commences and is made effective as of **<Date>**, by and between PartnerRe Ltd. (the "Company"), and **<Name>** (the "Participant"), an employee of the PartnerRe Group (PartnerRe Group is defined to include PartnerRe Ltd. and its subsidiaries).

WHEREAS, the Company desires to afford the Participant the opportunity to own common shares, $1.00 par value, of the Company ("Shares") pursuant to the **PartnerRe Ltd. Amended and Restated Employee Equity Plan** (the "Plan"). Further, it is understood by the Participant and the Company that it is the expectation of the Company that the Participant will view the grant of such Awards with a long term view of increasing shareholder value and thereby retain a substantial portion of such Awards received during the period of employment.

NOW, THEREFORE, in connection with the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions; Conflicts. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Plan terms and provisions of which are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the terms and provisions of this Agreement, the terms and provisions of the Plan shall govern and control.

2. Purpose of Award Document. The purpose of this Agreement is to grant Restricted Share Units ("RSUs") to the Participant. The Restricted Share Units that are the subject of this grant will be known as "RSUs". Each RSU represents the right to future delivery of one Share, subject to Section 8 of the Plan.

3. Award Agreement. This Award Agreement is entered into pursuant to the terms of the Plan, and evidences the grant of an equity-based award in the form of RSUs pursuant to the Plan. By receipt of this Award Agreement, the Participant acknowledges receipt of a copy of the Plan and further agrees to be bound thereby and by the actions of the Committee pursuant to the Plan.

4. Grant of RSUs. The Participant is granted an award of RSUs in the amount and on the date (the "Date of Grant") as specified in the Notice of RSU attached to this document.

5. Shareholder Rights. The Participant will have no rights as a shareholder with respect to the Shares to which this Award relates until the date the Shares are delivered to the Participant. A RSU shall provide the Participant with the right to receive dividend equivalents payable in cash from grant until vesting. Dividend equivalents accrue at the same time and at the same rate as actual dividends paid on Shares.

6. Vesting. Subject to the terms and conditions contained herein, RSUs shall fully vest three years following the Date of Grant. All of the Shares underlying the RSUs will be delivered to the Participant as soon as administratively practicable after the time of vesting.

7. Transferability. RSUs are transferable only upon vesting. RSUs may be transferable, to the extent provided in this Agreement, to any person or entity that would be considered a "family member" of the Participant for purposes of Form S-8 under the U.S. Securities Act of 1933.

8. Termination. In the event that the Participant ceases to be an employee of PartnerRe Group prior to the vesting of all of the RSUs granted under this Agreement, the following conditions shall apply:

a. Death or Disability. Accelerated vesting of RSUs will occur upon the date of termination as a result of death or disability. All of the Shares underlying the RSUs will be delivered to the Participant as soon as administratively practicable after the time of vesting.

b. Company with Cause, Company without Cause, Employee Termination with Good Reason, Employee Termination without Good Reason (other than for Retirement). All unvested RSUs shall be forfeited on the date of such termination.

c. Retirement. All unvested RSUs shall continue to vest under the original vesting provisions for **thirty-six (36) months** following the date of termination of employment.

d. Post-termination Covenants. Notwithstanding the provisions of section 8.c. above, the continuation of the vesting period following retirement is contingent upon the Executive's compliance with the limitations on his business activity, including; (i) refraining from competing in the reinsurance business in the locations where PartnerRe does business, and, (ii) refraining from soliciting employees or customers of PartnerRe to a company that competes in the reinsurance business in the locations where PartnerRe does business, and (iii) disclosing confidential information of PartnerRe (unless legally required to do so); until the sooner of (i) thirty–six months following retirement, or (ii) until all unvested RSUs granted pursuant to this agreement have vested.

e. Retirement. As defined under this agreement is a voluntary termination after achieving any of the following age and service combinations:

- Age 65; or
- Age 60 with 10 years of service

In the event that any of the terms laid down in the Participant's contract of employment conflict with the provisions of this section, the contract of employment shall prevail. For the avoidance of doubt, this Award shall follow the treatment of Options upon termination as set out in such contract of employment.

9. Entire Agreement. With the exception of any contract of employment that may be applicable in regard to section 8, as noted above, the Plan and this Award Agreement (including the Notice of RSU) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof. Any modification of this Award Agreement must be in writing signed by the Company. Decisions of the Committee with respect to the administration and interpretation of the Plan and this Award Agreement will be final, conclusive and binding on all persons.

10. Data Protection. The Participant hereby acknowledges and agrees that the PartnerRe Group may process personal data about the Participant in relation to the RSUs herein ("Personal Data").

The Participant acknowledges that, in connection with the above and strictly for said purposes, some Personal Data may be transferred externally to the Company's broker, Fidelity Stock Plan Services, LLC.

In addition, the Participant acknowledges that, in connection with the above and strictly for said purposes, the Company may transfer Personal Data to EDS Information Business GmbH ("EDS"). EDS is based in Switzerland and is responsible for the technical and operational aspects of the PartnerRe Group's human resource systems.

The Participant shall have the right to access and rectify personal data maintained by PartnerRe Group.

11. Rights or Entitlements. The Participant hereby acknowledges and agrees that this award does not provide any entitlement to any benefit other than that granted under the Plan. The Participant further acknowledges and agrees that any benefits granted under the Plan are not a part of such Participant's base salary, and will not be considered a part of any pension or severance payments in the event of a termination of the Participant's employment or service for any reason.

12. Change in Control. Upon a Change in Control, all RSUs will be subject to Section 11 of the Plan.

13. Binding Effect. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

14. Governing Law. This Award Agreement will be governed by and construed in accordance with the laws of Bermuda, without regard to conflict of laws.

15. Headings. Headings are for the convenience of the parties and are not deemed to be part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

PARTNERRE LTD.

Philip Martin
Director of Group Compensation
& Benefits

PartnerRe

Notice of Restricted Share Units

<Name>	Award Number:	<####>
<Address>	Plan:	EEPF
<Address>	ID:	<####>
<Address>		

Effective <Date> you have been granted an award of <###> Restricted Share Units (RSUs). These units are restricted until the vest date shown below, at which time you will receive shares of PartnerRe Ltd. (the Company) common stock.

The current total value of the award is <$###>.

RSU's	Vest Date
<###>	<Date>

For further information, please see the Stock Plan Information folder in the Human Resource section on PartnerRe*link*.

By your on-line acceptance and the Company's signature below, you and the Company agree that these Restricted Share Units are granted under and are governed by the terms and conditions of the Company's Employee Equity Plan and the Restricted Share Unit Award Agreement.

PartnerRe Ltd.

Wellesley House South, 90 Pitts Bay Road
Pembroke HM 08, Bermuda

Telephone (1 441) 292 0888
Telefax (1 441) 296 2250 http://www.partnerre.com

PartnerRe

PartnerRe Ltd.
Executive Share-Settled Share Appreciation Right Agreement

<Name>
<Date>

This Share-Settled Share Appreciation Right Agreement (the "Agreement") commences and is made effective as of **<Date>**, by and between PartnerRe Ltd. (the "Company"), and **<Name>** (the "Participant"), an employee of the PartnerRe Group (PartnerRe Group is defined to include PartnerRe Ltd. and its affiliates and subsidiaries).

WHEREAS, the Company desires to afford the Participant the opportunity to purchase Common Shares, $1.00 par value, of the Company ("Shares") pursuant to the **PartnerRe Ltd. Amended and Restated Employee Equity Plan** (the "Plan"). Further, it is understood by the Participant and the Company that it is the expectation of the Company that the Participant will view the grant of such Awards with a long term view of increasing shareholder value and thereby retain a substantial portion of such Awards received during the period of employment.

NOW, THEREFORE, in connection with the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions; Conflicts. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Plan terms and provisions of which are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the terms and provisions of this Agreement, the terms and provisions of the Plan shall govern and control.

2. Grant of SSS. Subject to the terms and conditions set forth herein, the Company hereby grants to the Participant Share-Settled Share Appreciation Right (the "SSS") to purchase up to, but not exceeding in the aggregate, the number of Shares as set forth in the attachment to this Agreement (the "Notice of Grant"). Subject to the same terms and conditions set forth herein and in the Plan, the Company may make one or more additional grants of SSS to the Participant by providing the Participant with a new Notice of Grant, which shall include any differing terms and conditions. The Company reserves all rights with respect to the granting of additional SSS's hereunder and makes no implied promise to grant additional SSS's.

3. Grant Price. The grant price per Share of the SSS's shall be the price provided in the Notice of Grant (the "Grant Price").

4. Term of SSS. The term of the SSS shall be no longer than ten (10) years from the date of grant provided in the Notice of Grant (the "Date of Grant"), subject to earlier termination as provided in Section 6 hereof.

5. Vesting of SSS. Subject to the terms, conditions and limitations contained herein, the SSS's shall vest and become exercisable with respect to the Shares covered by such SSS's in accordance with the following installments:

- **33% of the SSS's on the first anniversary of the Date of Grant,**
- **33% of the SSS's on the second anniversary of the Date of Grant, and**
- **34% of the SSS's on the third anniversary of the Date of Grant.**

6. Termination of Employment. In the event the Participant ceases to be an employee of the PartnerRe Group prior to the expiration of the term of the SSS, as provided in Section 4 above (the "Expiration Date"), the following restrictions apply,

If the Participant ceases employment by reason of:

a. Death or Disability. (i) SSS's which are vested on the date of termination shall remain exercisable for **twelve (12) months** following the date of termination of employment, but in no event shall such vested SSS's remain exercisable later than the Expiration Date, and (ii) unvested SSS's will have accelerated vesting on the date of such termination and will remain exercisable for **twelve (12) months** following the date of termination, but in no event shall such vested SSS's remain exercisable later than the Expiration Date.

For the purposes of Section 6.a. above, unless otherwise determined by the Committee, the definition of each of the above stated reasons for termination of employment shall have the same meaning as provided either in the Participant's jurisdictional legislation or the Company employee benefit plans in which the employee participates.

b. Company with Cause, Company without Cause, Employee Termination with Good Reason, Employee Termination without Good Reason (other than for Retirement). (i) SSS's which are vested on the date of termination shall remain exercisable for **three (3) months** following the date of termination of employment, but in no event shall such vested SSS's remain exercisable later than the Expiration Date, and (ii) unvested SSS's shall be forfeited on the date of such termination.

c. Retirement. (i) SSS's, which are vested on the date of termination, shall remain exercisable until the Expiration Date, and (ii) unvested SSS's shall continue to vest under the original vesting provisions for **thirty-six (36) months** following the date of termination of employment and shall remain exercisable until the Expiration Date.

d. **Post-termination Covenants**. Notwithstanding the provisions of section 6.c. above, the continuation of the vesting and exercise periods following retirement is contingent upon the Executive's compliance with the limitations on his business activity, including; (i) refraining from competing in the reinsurance business in the locations where PartnerRe does business, and, (ii) refraining from soliciting employees or customers of PartnerRe to

a company that competes in the reinsurance business in the locations where PartnerRe does business, and (iii) disclosing confidential information of PartnerRe (unless legally required to do so); until the sooner of (i) thirty–six months following retirement, or (ii) until all SSS's granted pursuant to this agreement have vested and have been exercised or expired.

e. Retirement. As defined under this agreement is a voluntary termination after achieving any of the following age and service combinations:

- Age 65; or
- Age 60 with 10 years of service

In the event that any of the terms laid down in the Participant's contract of employment conflict with the provisions of this section, the contract of employment shall prevail. For the avoidance of doubt, this Award shall follow the treatment of Options upon termination as set out in such contract of employment.

7. Shareholder Rights. The Participant shall have no rights as a shareholder with respect to any Share issuable upon the exercise of any SSS until the date of issuance of said Share. No adjustments, other than as provided in Section 6(d) of the Plan, shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions for which the record date is prior to the date the Share are issued.

8. Transferability. SSS's may be transferable, to the extent provided in this Agreement, to any person or entity who would be considered a "family member" of the Participant for purposes of Form S-8 under the U.S. Securities Act of 1933.

9. Method of Exercising SSS's.

A. Company Designated Insiders and Other Participants Restricted from On-line Trading: Subject to the terms and conditions of this Agreement, Company Designated Insiders will need to request pre-clearance from Group Legal in compliance with PartnerRe Ltd.'s Trading Policy in order to trade in PartnerRe Ltd. Shares. Participants will then need to contact the Company designated broker to place their trade over the phone. Procedures are provided by the Company.

B. On-line Trading: Subject to the terms and conditions of this Agreement and paragraph A above, Participants may exercise their SSS's on-line using the Company designated broker account.

10. Data Protection. The Participant hereby acknowledges and agrees that the PartnerRe Group may process personal data about the Participant in relation to the SSS's herein ("Personal Data").

The Participant acknowledges that, in connection with the above and strictly for said purposes, some Personal Data may be transferred externally to the Company's broker, Fidelity Stock Plan Services, LLC.

In addition, the Participant acknowledges that, in connection with the above and strictly for said purposes, the Company may transfer Personal Data to EDS Information Business GmbH ("EDS"). EDS is based in Switzerland and is responsible for the technical and operational aspects of the PartnerRe Group's human resource systems.

The Participant shall have the right to access and rectify personal data maintained by PartnerRe Group.

11. Rights or Entitlements. The Participant hereby acknowledges and agrees that this award does not provide any entitlement to any benefit other than that granted under the Plan. The Participant further acknowledges and agrees that any benefits granted under the Plan are not a part of such Participant's base salary or other compensation, and will not be considered a part of any pension or severance payments in the event of a termination of the Participant's employment or service for any reason.

12. Change in Control. Upon a Change in Control, all SSS's will be subject to Section 12 of the Plan.

13. Binding Effect. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

14. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of Bermuda without reference to the principles of conflicts of laws thereof.

15. Headings. Headings are for the convenience of the parties and are not deemed to be part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

PARTNERRE LTD.

Philip Martin
Director of Group Compensation & Benefits

PartnerRe

Notice of Grant

<Name>	Grant Number:	<####>
<Address>	Plan:	EEP
<Address>	ID:	<####>
<Address>		

Grant Date:	<Date>
Type of Grant:	Share-Settled Share Appreciation Rights
Number of SSS:	<###>
Grant Price:	<$###>

Vesting Schedule:

Shares	Vest Type	Full Vest	Expiration
<###>	On Vest Date	<Date>	<Date>
<###>	On Vest Date	<Date>	<Date>
<###>	On Vest Date	<Date>	<Date>

For further information, please see the Stock Plan Information folder in the Human Resource section on PartnerRe*link*.

By your on-line acceptance and the Company's signature below, you and the Company agree that these Share-Settled SARs are granted under and are governed by the terms and conditions of the Company's Employee Equity Plan and the Share-Settled Share Appreciation Right Agreement.

PartnerRe Ltd.

Wellesley House, 90 Pitts Bay Road
Pembroke HM 08, Bermuda

Telephone (1 441) 292 0888
Telefax (1 441) 296 2250 http://www.partnerre.com

Exhibit 10.12

PartnerRe

PARTNERRE LTD.

SWISS SHARE PURCHASE PLAN

Effective February 25, 2002

1. Purpose. The purpose of the Plan is to provide employees of PartnerRe Holdings Europe Limited (Zurich Branch), a subsidiary of PartnerRe Ltd., with an opportunity to purchase Common Shares of the Company.

2. Definitions.

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Committee" shall mean the Compensation Committee of the Board, or such other committee as may be appointed by the Board.

(d) "Common Shares" shall mean the common shares of the Company, $1.00 par value per share.

(e) "Company" shall mean PartnerRe Ltd., a Bermuda company.

(f) "Compensation" shall mean all base straight time gross earnings, exclusive of payments for overtime, shift premium, incentive compensation, incentive payments, bonuses, commissions and other compensation.

(g) "Employee" shall mean any individual who is an employee of PartnerRe Holdings Europe Limited (Zurich Branch) and who is customarily employed by the Branch on an open-ended contract for at least 20 hours per week. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company. Where the period leave exceeds 90 days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated on the 91st day of such leave.

(h) "Enrollment Date" shall mean the first day of each Offering Period.

(i) "Exercise Date" shall mean the last day of each Offering Period.

(j) "Fair Market Value" of a Common Share on a given date means (A) if the Common Shares are listed on a national securities exchange, the closing sale price reported as having occurred on the primary exchange with which the Common Shares are listed and traded on such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported, or (B) if the Common Shares are not listed on any national securities exchange but are quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System ("NASDAQ-NMS") on a last sale basis, the closing sale price reported on such date, or, if there is no such sale on that date then on the last preceding date on which such a sale was reported. If the Common Stock is not quoted on NASDAQ-NMS or listed on an exchange, or representative quotes are not otherwise available, the Fair Market Value shall mean the amount determined by the Committee in good faith to be the fair market value per Common Share, on a fully diluted basis.

(k) "Offering Period" shall mean, subject to the second sentence of Section 4 hereof, a period of six months, commencing on the first Trading Day coincident with or immediately after June 1 and December 1, of each year and terminating on the last Trading Day in the period ending on or immediately prior to the following November 30 and May 31, respectively.

(l) "Plan" shall mean this PartnerRe Ltd. Swiss Share Purchase Plan, and any amendment thereto.

(m) "Purchase Price" shall mean an amount equal to 60 percent of the Fair Market Value of a Common Share on the Exercise Date.

(n) "Reserves" shall mean the number of Common Shares covered by each option under the Plan which have not yet been exercised and the number of Common Shares which have been authorized for issuance under the Plan but not yet placed under option.

(o) "Trading Day" shall mean a day on which national stock exchanges and NASDAQ are open for trading.

3. Eligibility. Each person who is an Employee on a given Enrollment Date shall be eligible to participate in the Plan.

4. Offering Periods. The Plan shall be implemented by consecutive Offering Periods continuing from the first Offering Period until terminated in accordance with Section 18

hereof. The Committee shall have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future offerings without shareholder approval if such change is announced at least 15 days prior to the scheduled beginning of the first Offering Period to be affected thereafter.

5. Participation.

(a) An Employee may become a participant in the Plan for an Offering Period by enrolling on-line or by contacting a Fidelity phone representative at least 10 business days prior to the applicable Enrollment Date, unless a later time for enrolling in the Plan is set by the Committee for all Employees with respect to a given Offering Period. The employee must also complete a share purchase plan form in the form of Exhibit A to this Plan and submit it to the Company's Human Resources Department.

(b) Contributions to the Plan by a participant who elects to make direct contributions by wire transfer may be made at any time during the applicable Offering Period, but no later than 10 business days prior to the Exercise Date, unless the participant withdraws from the Plan during such Offering Period pursuant to Section 9.

(c) At the time a participant enrolls and submits the share purchase plan form, he or she shall elect to pay contributions in an amount (expressed as a whole number percentage) not less than one percent and not exceeding eight percent of the Compensation which he or she receives during the Offering Period; provided, however, that in no event may any participant be permitted to contribute more than 5,000 CHF annually.

(d) All contributions made by a participant shall be credited to his or her account under the Plan. A participant may not make any additional payments into such account.

(e) A participant may discontinue his or her participation in the Plan, as provided in Section 9 hereof, at any time during the Offering Period as long as such withdrawal is made not less than 15 business days prior to the Exercise Date. Once an Offering Period has commenced, a participant may not increase or decrease the rate of his or her contributions for that Offering Period, but may, during that Offering Period, increase or decrease the rate of his or her contributions for the next succeeding Offering Period, by making the election through the participant's on-line brokerage account, at least 10 business days prior to the end of that Offering Period, authorizing a change in the contribution rate. A participant's election shall remain in effect for successive Offering Periods unless terminated as provided in Section 9 hereof.

(f) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Shares issued under the Plan are disposed of, the participant must make adequate provisions for the Company's tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Shares. At any time, the Company may, but will not be obligated to, withhold from the participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Shares by the Employee.

6. Grant of Option. On the Enrollment Date of each Offering Period, each Employee participating in such Offering Period shall be granted an option to purchase on the Exercise Date of such Offering Period (at the applicable Purchase Price) up to a number of Common Shares determined by dividing such Employee's contributions received by the Company prior to such Exercise Date and retained in the participant's account as of the Exercise Date by the applicable Purchase Price; provided, however, that in no event shall an Employee be permitted to contribute more than 5,000 CHF annually. Exercise of the option shall occur as provided in Section 7 hereof, unless the participant has withdrawn pursuant to Section 9 hereof, and shall expire on the last day of the Offering Period.

7. Exercise of Option. Unless a participant withdraws from the Plan as provided in Section 9 hereof, his or her option for the purchase of shares will be exercised automatically on the Exercise Date, and, subject to the limitations set forth in Sections 6 and 11 hereof, the maximum number of full shares subject to option shall be purchased for such participant at the applicable Purchase Price with the contributions in his or her account. No fractional shares will be purchased; any contributions in a participant's account which are not sufficient to purchase a full share shall be retained in the participant's account for the subsequent Offering Period, subject to earlier withdrawal by the participant as provided in Section 9 hereof. Any other monies left over in a participant's account after the Exercise Date shall also be retained in the participant's account for the subsequent Offering Period. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by the participant.

8. Delivery. As promptly as practicable after each Exercise Date on which a purchase of shares occurs, the Company shall arrange the allocation of the Common Shares purchased upon exercise of a Participant's option to the Participant's account with a broker selected by the Company. The Common Shares shall be held by such brokerage account until such time as the Common Shares are sold or transferred by such Participant consistent with the requirements of Section 14 hereof.

9. Withdrawal; Termination of Employment.

(a) A participant may discontinue his or her participation in the Plan at any time but not less than 15 business days prior to the Exercise Date by withdrawing from the Plan through the participant's on-line brokerage account. If a participant withdraws from the Plan during an Offering Period, he or she may not resume participation until the next Offering Period. He or she may resume participation for any other Offering Period by enrolling on-line or by contacting a Fidelity phone representative to enroll in the Plan at least 10 business days prior to the Enrollment Date for such Offering Period.

(b) Any provisions of the Plan to the contrary notwithstanding, a participant will be deemed to have withdrawn from the Plan if his or her contributions are not received by the Company 10 business days prior to the Exercise Date.

(c) Upon a participant's ceasing to be an Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and any monies credited to such participant's account but not yet used to exercise the option will be returned to such participant or, in the case of his or her death, to the person or persons entitled thereto under Section 13 hereof, and such participant's option will be automatically terminated.

(d) A participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company.

10. Interest. No interest or other increment shall accrue or be payable with respect to any of the contributions of a participant in the Plan.

11. Shares.

(a) The maximum number of Common Shares which shall be made available for sale under the Plan shall be 200,000 shares, subject to adjustment upon changes in capitalization of the Company as provided in Section 17 hereof. If on a given Exercise Date the number of shares with respect to which options are to be exercised exceeds the number of shares then available under the Plan, the Company shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

(b) No participant will have an interest or voting right in shares covered by his option until such option has been exercised.

(c) Shares to be delivered to a participant under the Plan will be registered in the name of the participant or in the name of the participant and his or her spouse.

12 Administration. The Committee shall have authority to administer the Plan or delegate certain matters to the Company's Chief Executive Officer, including without limitation:

(a) Method of contribution

(b) Amount of contribution

(c) Annual limitation of contributions

(d) Amount of discount

(e) Adjustment to time period of restriction on sale or transfer of Common Shares

(f) Cut off time for withdrawal of contributions.

13. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such participant of such shares or cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to exercise of the option.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

14. Transferability. Neither contributions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be

assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 13 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 9 hereof. Common Shares acquired by a Participant pursuant to the Plan may not be sold, transferred, pledged or otherwise encumbered or disposed of by the Participant during the two-year period beginning on the date of the acquisition of such shares by the Participant.

15. Use of Funds. All contributions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such contributions.

16. Reports. Individual accounts will be maintained for each participant in the Plan. Statements of account will be given by the Broker to participating Employees quarterly such statements shall set forth the amounts of contributions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

17. Adjustments upon Changes in Capitalization.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the Reserves as well as the price per Common Share covered by each option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued Common Shares resulting from a share split, reverse share split, share dividend, combination or reclassification of the Common Shares, or any other increase or decrease in the number of Common Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Common Shares subject to an option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each option under the Plan shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Board determines, in the exercise of its sole discretion and in lieu of such assumption or substitution, to shorten the Offering Period then in progress by setting a new Exercise Date (the "New Exercise Date"). If the Board shortens the Offering Period then in progress in lieu of assumption or substitution in the event of a merger or sale of assets, the Board shall notify each participant in writing, at least 10 business days prior to the New Exercise Date, that the Exercise Date for his option has been changed to the New Exercise Date and that his option will be exercised automatically on the New Exercise Date, unless prior to such date he has withdrawn from the Offering Period as provided in Section 9 hereof. For purposes of this paragraph, an option granted under the Plan shall be deemed to be assumed if, following the sale of assets or merger, the option confers the right to purchase, for each share subject to the option immediately prior to the sale of assets or merger, the consideration (whether shares, cash or other securities or property) received in the sale of assets or merger by holders of Common Shares for each Common Share held on the effective date of the transaction (and if such holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Common Shares); provided, however, that if such consideration received in the sale of assets or merger was not solely common shares of the successor corporation or its parent (as defined in Section 424 (e) of the Code), the Board may, with the consent of the successor corporation and the participant, provide for the consideration to be received upon exercise of the option to be solely common shares of the successor corporation or its parent equal in fair market value to the per share consideration received by holders of Common Shares in the sale of assets or merger.

The Board may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the Reserves, as well as the price per Common Share covered by each outstanding option, in the event the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of its outstanding Common Shares, and in the event of the Company being consolidated with or merged into any other corporation.

18. Amendment or Termination.

(a) The Committee may at any time and for any reason terminate or amend the Plan. Except as provided in Section 17 hereof, no such termination may adversely affect options previously granted; provided, that an Offering Period may be terminated by the Board on any Exercise Date if the Board determines that the termination of the Plan is in the best

interests of the Company and its shareholders. Except as provided in Section 17 hereof, no amendment may make any change in any option theretofore granted which adversely affects the rights of any participant.

(b) Without shareholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Committee shall be entitled to change the Offering Periods, limit the frequency or number of changes in the amount withheld during an Offering Period, establish and change, at any time in its sole discretion, a formula for determining the conversion rate applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Shares for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Committee finds, in its sole discretion, advisable and consistent with the Plan.

19. Notices. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

20. Conditions upon Issuance of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder and the requirements of any shares exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present attention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

21. Term of Plan. The Plan shall become effective upon the earlier to occur of its adoption by the Board of Directors or its approval by the shareholders of the Company. It shall continue in effect thereafter until the earlier to occur of (i) the tenth (10th) year anniversary of the

date on which the shareholders of the Company approve the Plan or (ii) the Committee terminates the Plan under Section 18 hereof.

22. Section 409A of the Code. The Plan is intended to comply with the requirements of Section 409A of the Code, and the provisions of the Plan shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and the Plan shall be operated accordingly. If any provision of the Plan would otherwise frustrate or conflict with this intent, the provision, term or condition will be interpreted and deemed amended so as to avoid this conflict. For the avoidance of doubt, nothing in the Plan is intended to guarantee that participants of the Plan will not be subjected to the payment of "additional tax" or interest under Section 409A, and nothing in the Plan permits participants of the Plan to seek or obtain such indemnification from the Company for any such "additional tax" or interest.

*   *   *

Exhibit 10.13

PartnerRe

PARTNERRE LTD.
NON-EMPLOYEE DIRECTORS SHARE PLAN

Effective May 22, 2003

Section 1. *Purpose*.

The Non-Employee Directors Share Plan is designed to enhance the ability of the Company to attract, retain and reward outside directors of the Company with equitable and competitive compensation opportunities and to allow outside directors of the Company to share in the share ownership of the Company.

Section 2. *Definitions.*

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "**Affiliate**" shall mean (i) any entity that, directly or indirectly, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Committee.

(b) "**Alternative Award**" shall mean an Award granted pursuant to Section 10.

(c) "**Award**" shall mean any Option, award of Restricted Shares or Restricted Share Units, Alternative Award or Other Share-Based Award granted under the Plan.

(d) "**Award Agreement**" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan, which may, but need not, be executed or acknowledged by a Participant.

(e) "**Board**" shall mean the Board of Directors of the Company.

(f) "**Change in Control**" shall occur when (i) any "person" within the meaning of Section 13(d) of the Exchange Act, other than the Company, a Subsidiary or any employee benefit plan(s) sponsored by the Company or any Subsidiary, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty (50%) of the combined voting power of the Company's outstanding voting securities generally in the election of directors; (ii) at any time during a period of twelve (12) consecutive months, individuals who at the beginning of such period constituted the Board cease for any reason to constitute at least a majority thereof, provided that any person subsequently becoming a director whose election, or nomination for election by the Company's shareholders was on the recommendation or with the approval of at least two-thirds of the directors comprising the Board on the effective date of this Plan (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director,

without objection to such nomination) shall be, for purposes of this clause (ii), considered as though such person were a member of the Board at the beginning of such period; and provided further that, notwithstanding the foregoing, no such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a–11 or Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of an individual, corporation, partnership, group, associate or other entity or "person" other than the Board shall in any event be considered to be a director in office at the beginning of such period; (iii) any one "person", or more than one "person" acting as a group (as determined under U.S. Treasury Regulation Section 1.409A-3(i)(f)(v)(B)), other than any Subsidiary, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value (as determined in good faith by the Board without regard to any liabilities associated with such assets) of more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; or (iv) there occurs a reorganization, merger, consolidation or other corporate transaction involving the Company (a "Transaction"), other than with a wholly-owned Subsidiary and other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or ultimate parent thereof) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity, or the ultimate parent thereof, outstanding immediately after such Transaction.

(g) "**Code**" shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time.

(h) "**Committee**" shall mean the Nominating & Governance Committee of the Board, or such other committee as may be appointed by the Board, which shall be the administrative committee for the Plan.

(i) "**Company**" shall mean PartnerRe Ltd.**,** a Bermuda corporation together with any successor thereto.

(j) "**Event**" shall mean any of the corporate transactions or events described in Section 6(d).

(k) "**Exchange Act**" shall mean the U.S. Securities Exchange Act of 1934, as amended.

(l) "**Exercise Price**" shall mean the purchase price per Share under the terms of an Option as determined pursuant to Section 7 of the Plan.

(m) "**Expiration Date**" shall mean the final date of the term of an Option, which shall be fixed by the Committee pursuant to Section 7(b) of the Plan.

(n) "**Fair Market Value**" with respect to a Share shall mean, (i) if the Shares are listed on a national securities exchange, the closing sale price reported as having occurred on the primary exchange with which the Shares are listed and traded on such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported, or (ii) if the Shares are not listed on any national securities exchange but are quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System on a last sale basis, the closing sale price reported on such date, or, if there is no such sale on that date then on the last preceding date on which such a sale was reported. If the Shares are not quoted on NASDAQ-NMS or listed on an exchange, or representative quotes are not otherwise available, the Fair Market Value shall mean the amount determined by the Committee in good faith to be the fair market value per Share, on a fully diluted basis.

(o) "**Option**" shall mean the right to purchase Shares granted under Section 7.

(p) "**Other Share-Based Award**" shall mean any right granted under Section 9.

(q) "**Outside Director**" shall mean any director of the Company who is not an employee of the Company or any of its Affiliates.

(r) "**Participant**" shall mean an individual granted an Award under the Plan.

(s) "**Person**" shall mean an individual, corporation, partnership, limited partnership, syndicate, person (including, without limitation, a "person" as defined in Section 13(d)(3) of the Exchange Act), trust, association or entity or government, political subdivision, agency or instrumentality of a government, but excluding any of the Company, any Subsidiary or any employee benefit plan sponsored or maintained by the Company or any Subsidiary.

(t) "**Plan**" shall mean this PartnerRe Ltd. 2003 Non-Employee Directors Share Plan, as may be amended from time to time.

(u) "**Plan Year**" shall mean, with respect to an Outside Director, the period commencing at the time of election of directors at an annual meeting of shareholders of the Company (or the election of a class of directors if the Company then has a classified board), or such Outside Director's initial election or appointment to the Board if not at such an annual meeting of shareholders, and continuing until the close of business of the day preceding the next annual meeting of shareholders of the Company.

(v) "**Policies**" shall mean policies established from time to time by the Board as set forth in Section 4.

(w) "**Restricted Share**" shall mean any Share granted under Section 8.

(x) "**Restricted Share Unit**" shall mean a contractual right granted under Section 8 that is denominated in Shares, each of which represents a right to receive the value of a Share (or a percentage of such value, which percentage may be higher than 100 percent) upon the terms and conditions set forth in the Plan and the applicable Award Agreement.

(y) "**Retainer Fees**" shall mean all retainer fees including, without limitation, meeting or chair fees, payable to an Outside Director in his or her capacity as such for services to the Board.

(z) "**Securities Act**" shall mean the U.S. Securities Act of 1933, as amended.

(aa) "**Shares**" shall mean common shares of the Company, $1.00 par value.

(bb) "**Subsidiary**" shall mean any corporation of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company and otherwise as provided in Section 86 of the Companies Act 1981 of Bermuda.

Section 3. *Eligibility.*

All Outside Directors shall be eligible to receive Awards under the Plan.

Section 4. *Outside Director Awards.*

(a) Awards shall be granted to Outside Directors in accordance with Policies established from time to time by the Board specifying (i) the classes of directors (if the Company then has a classified board) to be granted such Awards; (ii) the type or types of Awards to be granted to Participants under the Plan; (iii) the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards and (iv) the time(s) at which such Awards shall be granted.

(b) All decisions of the Board and of the Committee shall be final, conclusive and binding upon all parties, including the shareholders and the Participants.

(c) Notwithstanding the foregoing, the maximum number of Shares to which all Awards granted to any Outside Director in a single Plan Year may relate shall not exceed 30,000 for the Chairman or 20,000 for any Outside Director.

Section 5. *Administration.*

(a) The Plan shall be administered by the Committee. All actions by the Committee shall be subject to and consistent with the Policies. The Committee may issue rules and regulations for administration of the Plan. It shall meet at such times and places as it may determine.

(b) Subject to the terms of the Plan, Policies and applicable law, the Committee shall have full power and authority to: (i) determine the terms and conditions of any Award; (ii) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards, or other property, or canceled, forfeited or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended; (iii) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee; (iv) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (v) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (vi) determine whether and to what extent Awards should comply or continue to comply with any requirement of statute or regulation; (vii) correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee decides necessary or desirable; and (viii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

Section 6. *Shares Available for Awards.*

(a) Subject to adjustment as provided below, the number of Shares available for issuance under the Plan shall be 800,000.

(b) If, after the effective date of the Plan, any Shares covered by an Award, or to which such an Award relates, terminate, lapse or are forfeited or cancelled, then the Shares covered by such Award, or to which such Award relates, to the extent of any such forfeiture or termination, shall again be, or shall become, available for issuance under the Plan.

(c) Any Shares delivered pursuant to an Award will consist of newly issued Shares.

(d) In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, share split, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, including without limitation the Share limits set forth in Section 4(c) and Section 6(a), (ii) the number and type of Shares (or other securities or property) subject to outstanding Awards, and (iii) the grant, purchase, or Exercise Price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; *provided,* however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

Section 7. *Options.*

Options granted under the Plan shall be, as determined by the Committee, non-qualified share options for U.S. federal income tax purposes (or other types of Options in jurisdictions outside the United States), as evidenced by the related Award documents, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent with the provisions of the Plan and the Policies, as the Committee shall determine:

(a) Exercise Price. The Exercise Price per Share under an Option shall be determined by the Committee. Except in connection with an action taken pursuant to Section 6(d), no Option shall be amended or replaced in any manner that would have the effect of reducing the exercise price of such Option established at the time of grant thereof.

(b) Term. The term of each Option shall be fixed by the Committee; in no event, however, shall the period for exercising an Option extend more than 10 years from the date of grant.

(c) Payment for Shares. Payment for Shares acquired pursuant to Options granted hereunder shall be made in full, or adequate provision made therefor, upon exercise of the Options (i) in immediately available funds in United States dollars, by wire transfer, certified or bank cashier's check; (ii) by surrender to or withheld by the Company of Shares that have a Fair Market Value equal to such aggregate exercise price and/or any taxes withheld with respect to such exercise and which satisfy such other requirements as the Committee may impose (including by Net-Settled Exercise, as defined below); (iii) by delivering to the Company a copy of irrevocable instructions to a stockbroker to deliver promptly to the Company an amount of sale or loan proceeds sufficient to pay the aggregate Exercise Price; (iv) by any combination of (i), (ii), or (iii) above; or (v) by any other means approved by the Committee. Notwithstanding the above, should any taxes be withheld in accordance with Section 7(c)(ii) in connection with a Net-Settled Exercise pursuant to Section 7(d), then Fair Market Value of Shares withheld to pay such taxes shall be calculated in accordance with Section 7(d).

(d) Net-Settled Exercise. Any Option granted hereunder may be exercised such that such Option is settled by delivery to the Participant of a number of Shares having a Fair Market Value equal to the excess of the Fair Market Value of all the Shares underlying the Option (or portion thereof being so exercised) over the aggregate exercise price thereof (such exercise, a "Net-Settled Exercise" and the resulting net shares delivered to the Participant, the "Net Shares"). To effect a Net-Settled Exercise of any Option, the Participant must complete and return to the Company a notice of intent to exercise such Option through a Net-Settled Exercise (the "Net-Settlement Notice"). Once the Company receives the Net-Settlement Notice, the Net-Settled Exercise of any Option so indicated in such Net-Settlement Notice shall be deemed irrevocable and any Net Shares resulting from such Net-Settled Exercise shall be delivered to the Participant on the third business day following the day on which the Company receives the Net-Settlement Notice, with the

number of Net Shares to be determined using the Fair Market Value of a Share on the day on which the Company receives the Net-Settlement Notice.

Notwithstanding as defined or as applicable anywhere else in this Plan, for the purposes of this Section 7(d) only, "Fair Market Value" of a Share on a given date means (A) if the Shares are listed on a national securities exchange, the average of the high and low sale prices reported as having occurred on the primary exchange with which the Shares are listed and traded on such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported, or (B) if the Shares are not listed on any national securities exchange but are quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System on a last sale basis, the average of the high and low sale prices reported on such date, or, if there is no such sale on that date then on the last preceding date on which such a sale was reported. If the shares are not listed on an exchange, or representative quotes are not otherwise available, the Fair Market Value shall mean the amount determined by the Committee in good faith to be the fair market value per Share, on a fully diluted basis.

Section 8. *Restricted Shares and Restricted Share Units.*

(a) The Committee is hereby authorized to grant, or to provide for the automatic grant of, Awards of Restricted Shares and Restricted Share Units pursuant to the Policies to Participants.

(b) Restricted Shares and Restricted Share Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Restricted Share or the right to receive any dividend or other right or property), which restrictions may lapse, be lifted or waived separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate.

(c) Any Restricted Share granted under the Plan may be evidenced in such manner as the Committee may deem appropriate including, without limitation, book-entry registration or issuance of a share certificate or certificates. In the event any share certificate is issued in respect of Restricted Shares granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares. During the applicable restricted period, such certificates shall remain in the custody of the Company or its agent.

Section 9. *Other Share-Based Awards.*

The Committee is hereby authorized to grant, or to provide for the automatic grant of, such other Awards (including, without limitation, share appreciation rights and rights to dividends and dividend equivalents) that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares) as are deemed by the Committee to be consistent with the purposes of the Plan and the Policies. Subject to the terms of the Plan

and the Policies, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 9 shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, as the Committee shall determine, the value of which consideration, as established by the Committee, shall, not be less than the Fair Market Value of such Shares or other securities as of the date such purchase right is granted.

Section 10. *Receipt of Alternative Awards in Lieu of Retainer Fees.*

If and to the extent provided by the Policies, a Participant may elect to receive up to 100 percent of his or her Retainer Fees in Alternative Awards which may be Shares, Restricted Share Units, Options or other Awards, subject to such terms and conditions as the Committee shall determine.

Section 11. *General Provisions Applicable to Awards.*

(a) Awards shall be granted for no cash consideration or for such minimal consideration as may be required by applicable law.

(b) Awards may be granted either alone or in addition to or in tandem with any other Award or any award granted under any other plan of the Company. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Company, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(c) Subject to the terms of the Plan and the Policies, payments or transfers to be made by the Company upon the grant, exercise or payment of an Award may be made in such form or forms as the Committee shall determine including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of dividend equivalents in respect of installment or deferred payments.

(d) No Award and no right under any such Award, shall be assignable, alienable, saleable or transferable by a Participant otherwise than by will or by the laws of descent and distribution (or in the case of Awards that are forfeited or canceled, to the Company); *provided*, however, that, if so determined by the Committee, a Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of the Participant, and to receive any property distributable, with respect to any Award upon the death of the Participant. Each Award, and each right under any Award, shall be exercisable during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. No

Award and no right under any such Award, may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company.

(e) Notwithstanding Section 11(d) to the contrary, Awards may be transferred to family members or trusts during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Committee, subject to any terms and conditions which the Committee may impose thereon (including limitations the Committee may deem appropriate in order that offers and sales under the Plan will meet applicable requirements of registration forms under the Securities Act specified by the Securities and Exchange Commission). A beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award document applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(f) All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(g) Except to the extent specifically provided to the contrary in any Award Agreement and subject to Section 12(e), upon a Change in Control, all Awards shall become fully vested and exercisable, and any restrictions applicable to any Award shall automatically lapse.

Section 12. *Amendment and Termination.*

(a) Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan, the Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided*, however, that no such amendment, alteration, suspension, discontinuation or termination shall be made without (i) shareholder approval if such approval is necessary to comply with any tax or regulatory requirement for which or with which the Board deems it necessary or desirable to qualify or comply or (ii) the consent of the affected Participant, if such action would adversely affect the rights of such Participant under any outstanding Award. Notwithstanding anything to the contrary herein, the Committee may amend the Plan in such manner as may be necessary to enable the Plan to achieve its stated purposes in any jurisdiction in a tax-efficient manner and in compliance with local rules and regulations. Without limiting the generality of the foregoing, if the implementation of any provision of the Plan or any Award would cause any Outside Director to incur adverse tax consequences under Section 409A or Section 457A of the Code, the implementation of

such provision shall be delayed until the first time at which the provision's implementation would not cause adverse tax consequences under such Section 409A or Section 457A, as applicable.

(b) The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, any Award theretofore granted, prospectively or retroactively, without the consent of any relevant Participant or holder or beneficiary of an Award, *provided, however,* that no such action shall impair the rights of any affected Participant or holder or beneficiary under any Award theretofore granted under the Plan; and *provided further* that, except as provided in Section 6(d), no such action shall reduce the exercise price of any Option established at the time of grant thereof.

(c) The Committee may, in its sole discretion, amend, or otherwise modify, without Board or shareholder approval, the terms of the Plan or Awards; *provided* that such amendment or other modification shall not increase the total number of shares reserved for purposes of the Plan without the approval of the shareholders of the Company.

(d) The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, an Event affecting the Company, or the financial statements of the Company, or of changes in applicable laws, regulations or accounting principles), whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(e) In connection with a Change in Control or an Event, the Committee may, in its discretion (i) cancel any or all outstanding Awards under the Plan in consideration for payment to the holder of each such cancelled Award of an amount equal to the portion of the consideration that would have been payable to such holder pursuant to such transaction if such Award had been fully vested and exercisable, and had been fully exercised, immediately prior to such transaction, less the exercise price if any that would have been payable therefore, or (ii) if the net amount referred to in clause (i) would be negative, cancel such Award for no consideration or payment of any kind. Payment of any amount payable pursuant to the preceding sentence may be made in cash and/or securities or other property in the Committee's discretion.

Section 13. *Miscellaneous.*

(a) No Participant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient.

(b) Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(c) The grant of an Award shall not be construed as giving a Participant the right to be retained in the service of the Company. Further, the Board may at any time terminate the services of a Participant, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or in any other agreement binding the parties.

(d) If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(e) Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company.

(f) No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

Section 14. *Effective Date of Plan.*

The Plan shall be effective as of May 22, 2003, the date of its initial approval by the shareholders of the Company.

Section 15. *Term of the Plan.*

This Plan shall have a term of ten years, beginning on the effective date of the Plan. No Award shall be granted under the Plan after the conclusion of the tenth year. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date subject to the applicable rules of Section 409A of the Code.

Section 16. *Governing Law.*

The Plan shall be governed by and construed in accordance with the laws of Bermuda without regard to conflicts of laws.

Section 17. *Section 409A of the Code.*

The Plan is intended to comply with the requirements of Section 409A of the Code, and the provisions of the Plan shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and the Plan shall be operated accordingly. If any provision of the Plan would otherwise frustrate or conflict with this intent, the provision, term or condition will be interpreted and deemed amended so as to avoid this conflict. For the avoidance of doubt, nothing in the Plan is intended to guarantee that participants of the Plan will not be subjected to the payment of "additional tax" or interest under Section 409A, and nothing in the Plan permits participants of the Plan to seek or obtain such indemnification from the Company for any such "additional tax" or interest.

* * *

Exhibit 10.17

PartnerRe

Change in Control
Policy

Version 1.0

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Change in Control

1. Introduction

1.1 Overview

The PartnerRe Ltd. Change in Control ("CIC") Policy protects the salary and benefits of key executives in situations where the double trigger of a change in control event has occurred and the key executive has terminated employment within 12 months of such event.

1.2 Purpose of the Policy

The purpose of the PartnerRe Ltd. Change in Control Policy is to secure the continued services of key executives and key staff of the Company and to ensure their continued dedication to their duties in the event of any threat or occurrence of a Change in Control.

1.3 Objectives

- To provide incentives to ensure key executives act in the best interests of shareholders
- To retain key executives before and during a Change in Control transition
- To protect key executives' compensation and benefits during a Change in Control transition
- To provide protection to key executives who may be asked to defend against hostile takeovers

1.4 Scope

This Policy is intended to apply to the key executives listed herein and will be managed and administered by Group Human Resources.

2. Policy

2.1 Policy Statement & Description

CIC Award Conditions

Participants are entitled to CIC award provisions under the following conditions:

- CIC, as defined herein, has occurred within the last 12 months.
- The Participant is terminated by the Company for reasons other than death, disability or "Cause" or the Participant terminates with "Good Reason", as defined herein, during the CIC Transition Period.

Participant Approval

Key executives entitled to CIC award provisions ("Participants") will receive a letter confirming the terms and conditions of their CIC provisions and conditions referencing this Policy.

CIC Award Provisions by Tier Level

The CIC award provisions for each Participant are defined by the tier level of the Participant.

Group Chief Executive Officer	Tier 1
Executive Committee Member	Tier 2
Other	Tier 3

Tier 1

Award provision entitlements are as follows:

- 3 times current annual base salary
- Average annualized annual incentive over prior 3 years or target annual incentive for current role, whichever is higher
- Pro-rata target annual incentive for year of termination
- Health and Welfare benefit continuation for 3 years
- Housing and Car continuation for 3 months, as appropriate
- If an excise tax is triggered under U.S. Federal tax law, either a reduction of any payments and benefits to the extent required to avoid the excise tax or the payments and benefits as is with no reduction, depending on which result would be better for the Participant.

Tier 2

Award provision entitlements are as follows:

- 2 times current annual base salary
- Average annualized annual incentive over prior 3 years or target annual incentive for current role, whichever is higher
- Pro-rata target annual incentive for year of termination

- Health and Welfare benefit continuation for 2 years
- Housing and Car continuation for 3 months, as appropriate
- If an excise tax is triggered under U.S. Federal tax law, either a reduction of any payments and benefits to the extent required to avoid the excise tax or the payments and benefits as is with no reduction, depending on which result would be better for the Participant.

Tier 3

Award provision entitlements are as follows:

- 1 times current annual base salary
- 1 times target annual incentive for year of termination
- If an excise tax is triggered under U.S. Federal tax law, either a reduction of any payments and benefits to the extent required to avoid the excise tax or the payments and benefits as is with no reduction, depending on which result would be better for the Participant.

2.2 Roles and Responsibilities

The PartnerRe Ltd. Change in Control Policy is reviewed annually by the Compensation and Management Development Committee of the Board of Directors. Policy implementation and reporting is managed by Group Human Resources.

Eligibility pursuant to this Policy with respect to Tier 1 and Tier 2 Participants must be approved by the Compensation and Management Development Committee of the Board of Directors. Eligibility pursuant to this Policy and with respect to Tier 3 Participants must be approved in writing by the Group CEO or his delegate.

2.3 Policy Approval

This Policy has been designated a Level 1 Policy as prescribed by the Enterprise Risk Committee. Pursuant to the Risk Operating Policy requirements, I hereby acknowledge that I have reviewed and approve this Policy. This Policy shall be in force as of the Effective Date below.

Abigail Clifford
Chief Human Resources Officer

Costas Miranthis
Group CEO
Effective Date: February 16, 2011

3. Appendix

3.1 Glossary

Terms	Definitions
Change in Control or CIC	(i) when any "person" within the meaning of Section 13(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), other than the PartnerRe Ltd. (the "Company"), a subsidiary or any employee benefit plan(s) sponsored by the Company or any subsidiary, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of forty percent (40%) or more of the then outstanding Common Shares; or (ii) at any time during a period of 12 consecutive months, when individuals who constitute the Board on the effective date of this Policy, cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the effective date of this definition, whose election, or nomination for election by the Company's shareholders, was on the recommendation or with the approval of at least a majority of the directors comprising the Board on the effective date of this definition (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be, for purposes of this clause (ii), considered as though such person were a member of the Board on the effective date of this definition; (iii) all or substantially all of the assets of the Company are sold, liquidated or distributed (in one or a series of related transactions); or (iv) there occurs a reorganization, merger, consolidation or other corporate transaction involving the Company (a "Transaction"), other than with a wholly-owned subsidiary and other than a merger or consolidation, that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such Transaction.
Cause	The Company shall have "Cause" to terminate the Participant's employment hereunder upon (A) the engaging by the Participant in serious negligence or willful misconduct which is demonstrably injurious to its subsidiaries; (B) willful and intentional failure to comply in all material respects with the direction of the Board, after written notice and the opportunity to correct, or (D) the conviction, a plea of guilty or a plea of no contest of the Participant for a serious criminal act. For purposes of this paragraph, no act, or failure to act, on the Participant's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Company.

Terms	Definitions
Good Reason	Good Reason" shall mean (A) a material diminution in the Participant's position, authority, duties or responsibilities with the Company, (B) without the Participant's prior written consent, any reduction in Base Salary and annual bonus opportunity, (C) relocation of Participant's principle place of employment to a location more than 35 miles from the office or location at which the Participant was principally located immediately prior to the CIC, (D) breach by the Company of any material provision of the Employment agreement.
CIC Transition Period	The period following the Change in Control during which CIC award provisions may be claimed by a Participant under specific conditions as outlined herein. The CIC Transition Period for all Participants is 12 months following the date of the CIC.

3.2 Related Policies & Regulations

The Change in Control sections of the Equity Plan documents.

Exhibit 14.1

PartnerRe

Vision, Guiding Principles and Strategy

Code of Business Conduct and Ethics

To All PartnerRe Employees:

Over the years, our reputation as a transparent, fair and professional organization has been central to our success – it has given us competitive advantage and helped us to create value for our clients, shareholders and ourselves.

PartnerRe's Vision, Guiding Principles and Strategy together with our Code of Business Conduct and Ethics, is a statement about how we as a Company, business units and as individuals do business. It sets out the principles and sound business practices that should be the starting point for every decision and action we take – because everything we do has the potential to either enhance or detract from PartnerRe's reputation.

We all have a responsibility to our clients and shareholders who rely on each one of us to carry out the Group's strategy consistently, intelligently and ethically. This document provides the guidance you need to fulfill that expectation.

Costas Miranthis
President and COO
PartnerRe Ltd.

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Vision

PartnerRe is an intelligent provider of risk-assumption products for the global insurance and capital markets. We provide highly valued products and relationships to our clients, deliver appropriate returns to our shareholders and ensure a satisfying work experience for our employees.

Guiding Principles

In pursuit of our vision, all decisions and actions at PartnerRe should be based on the following guiding principles.

Profitability

Return on equity drives our financial behavior. We are in the business of accepting risk and we must get paid appropriately for that service. We must ensure an appropriate return for our shareholders over a reinsurance cycle.

Client Orientation

Exceptional relationship management skills are key to achieving our goals. We will meet our clients' needs with the highest professional service through disciplined, analytical underwriting and new product development, based on technical expertise.

Financial Integrity

Financial conservatism is at the core of our strength. PartnerRe takes the financial needs of our clients very seriously and will ensure that we have the financial capacity to meet our obligations.

Organizational Transparency

Our organization's structure – business units, shared processes and functions and Group functions – is based on an obligation to share information and build teams across the Group.

Ethical Standards

All PartnerRe actions – business, management, employee – are based on a foundation of highly ethical behavior, built on trust, transparency, consistency, information, intelligence, competence and performance.

Strategy

All of PartnerRe's tactical activities will be guided by the following 5-point strategy.

1. Diversify risk across products and geographies

Proper diversification increases returns per unit of risk. Reinsurance is our specialty, and PartnerRe will write virtually every line of business within that market. Our current distribution of premiums mirrors that of the global reinsurance industry and gives us the platform to exercise our cycle management skills.

2. Maintain risk appetite moderately above the market

Clients pay reinsurers to take risks. So, we will take on their difficult, volatile risks while still writing some of the less hazardous business to maintain balance. Higher quarterly earnings volatility may result, but annually and over a cycle we will earn superior returns.

3. Actively manage capital across the portfolio and over the cycle

Our business is cyclical, and PartnerRe is committed to responding to that reality. We will grow when returns are adequate and maintain or shrink when they are not. We will also re-allocate capital from less profitable to more profitable lines within the overall cycle.

4. Add value through underwriting/transactional excellence

We will evaluate, value and underwrite risk well. Continued underwriting and actuarial excellence will enable us to successfully set the right terms and conditions and build long-term client relationships.

5. Achieve superior returns on invested assets in the context of a disciplined risk framework

We manage almost all of our investments internally in order to capitalize on opportunities in a broad range of risk classes, while controlling the diversity and balance of the portfolio. This enables a more flexible approach to capital allocation, subject to our internal risk guidelines.

Code of Business Conduct and Ethics

This Code of Business Conduct and Ethics (the "Code of Conduct") applies to all directors, officers, employees and, in some circumstances, to consultants. PartnerRe's business reputation is critical to the success of our business and organization. Our business reputation comes from the everyday actions of employees in dealings with clients, suppliers, shareholders, regulators, competitors and fellow employees. Consistent, sound business practices build a reputation that creates value and sustainable competitive advantage.

Our reputation will continue to be based on honest and ethical practices, and the fair dealing of each employee with all of our stakeholders. We are committed to a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all of PartnerRe's business activities. While no code of business conduct can replace thoughtful and appropriate behavior, this Code focuses on areas of ethical risk, provides guidance on reporting areas of potential concern, and outlines mechanisms to ensure that our reputation is not put at risk.

PartnerRe is a complex global organization, and there are certain core business practices that we believe have global application to our organization and which we will not compromise. Implementation of these business practices will generally be through specific policies issued on a worldwide or local level. Some of these policies are referenced in this document and are available in the Group Policies Database and on PartnerRe*link*.

When in doubt regarding any action, there is one simple question to ask: If the action were made public, would PartnerRe's business reputation be damaged?

If any course of action appears questionable to you, you are encouraged to seek guidance from your Manager, Human Resources Manager, Corporate Audit, Group Legal or Executive Management. Should you become aware of activities that appear to violate any provision of this Code of Conduct, you are expected to promptly report the possible violations through your Manager, Human Resources Manager, Chief Legal Officer, a member of the Executive Committee or a member of the Audit Committee of the Board of Directors.

You can also report any violations anonymously via the "Hotline Reporting" button located on the home page of PartnerRe*link*.

Governance

This Code of Conduct has been approved by the Board of Directors of PartnerRe and applies to all subsidiaries and affiliates. Any specific waiver of the provisions requires approval of the Board of Directors or a committee of the Board of Directors, and any waivers must be promptly disclosed to shareholders.

Any employee, officer or director who violates the Code of Conduct may be subject to disciplinary action.

Human Resources

PartnerRe is committed to a safe work environment where all employees have an opportunity to contribute and succeed to the fullest extent of their individual ability. We want our work environment to be free from all forms of discrimination, harassment or intimidation.

PartnerRe encourages direct and open communication among and between employees and management. Employees are free to discuss issues with their managers without fear of reprisal or the need for third-party representation.

Conflicts of Interest (Policies: Anti Bribery)

PartnerRe is committed to an environment free of conflicts of interest or the appearance of conflicts of interest. A conflict of interest occurs when your private interest or the private interest of an immediate family member (spouse, children) interferes, or appears to interfere, with the interests of the Company. You should discuss any circumstance that creates a real or potential conflict of interest with your Manager. Some of the circumstances that are expressly prohibited are listed below, but this list is not all-inclusive. Any activity that you are aware of that has similar characteristics, or could be perceived to have similar characteristics, and any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest, requires disclosure to your Manager or, in the case of officers of PartnerRe, to the Chief Legal Counsel, a member of the Executive Committee, or a member of the Audit Committee of the Board of Directors.

Q Every year one of our suppliers sends me a couple of bottles of wine in the festive season – can I accept them?

A You have to decide if the gift is reasonable and appropriate in the circumstances. Gifts of a nominal value are acceptable but you must be sure that such a gift in no way influences your business judgment or could be perceived as favoring the giver. If you are unsure how to respond to a receipt of a gift, contact Group Legal.

Q One of my clients has invited me to stay at his holiday home whenever I want – is this ethical under the Code?

A No. You may not accept any favors of value' from a supplier, client, potential supplier, client or competitor, other than of nominal value.

Q One of my relatives is looking for a new insurer and has asked me to set up a meeting with one of our cedants. Is this acceptable under the Code?

A No. You may not arrange or facilitate any business transaction between any of your immediate relatives and any client or supplier.

- You may not accept fees, commissions or any other personal benefit from a person or business involved in any transaction with PartnerRe.
- You may not accept gifts, discounts, services, transportation or any other form of services or goods or favors of value from a supplier, client, potential supplier or client or competitor, other than of nominal value.
- You may not offer favors, gifts or services other than those that are reasonable and appropriate for the individuals involved and supported by all appropriate documentation and approvals.
- You may never offer or accept cash or loans or guarantees in any amount from a supplier, client, potential supplier or potential client.
- You may not arrange or facilitate any business transaction between any of your immediate relatives and any client or supplier.

Corporate Opportunities (Policies: Information Technology)

All Company assets, intellectual property and other important information are to be protected from both internal and external misappropriation. They are to be used only for legitimate business purposes.

You are always prohibited from:

- Benefiting personally from opportunities that are discovered through the use of Company property, information or position.
- Using the Company's property, information or your position with the Company for personal gain.
- Competing with the Company.

Q I meet with a number of friends who work for competitor organizations after work. How do I decide what is and isn't confidential information?

A You must use your own judgment but be aware that confidential information is any non-public information that might be beneficial to competitors or harmful to PartnerRe or its clients if it got into the public domain. If in doubt, be cautious, and don't discuss specific business issues.

Confidentiality (Policies: Fair Disclosure, External Communications, Information Technology, Information Security, Data Privacy)

You must maintain the confidentiality of all confidential information entrusted to you, and disclosure must be either authorized or required by applicable law, regulation or legal process. Confidential information includes all non-public information that might be of use to competitors or harmful to the Company or clients if disclosed.

Fair Dealing (Policies: Fair Disclosure, Trading, Anti Trust)

Each employee should endeavor to deal fairly with PartnerRe's customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Investments

- You may not have a financial interest in clients, suppliers, competitors or any enterprise that is known to have a business relationship with PartnerRe, except where the financial interest is less than 1% of a publicly traded company.
- You may not borrow from or lend to clients, suppliers or fellow employees except for normal banking transactions with financial institutions.

Q I've been preparing financial statements and suspect that a fraud has taken place. Should I report it?

A Yes. If you do not report a suspicion of fraud, you are in breach of the Code of Conduct.

Financial and Non-financial Integrity

All financial transactions must be accurately and fairly recorded in a timely manner in accordance with the accounting policies of PartnerRe. All financial transactions must be accurate, complete and appropriate. All periodic reports that PartnerRe is required to file with the Securities and Exchange Commission and PartnerRe's other public communications shall contain full, fair, accurate, timely and understandable disclosure.

Legal and Regulatory Integrity (Policies: Anti Bribery, Anti Trust, Trading)

PartnerRe operates in multiple jurisdictions around the world. As a matter of policy, PartnerRe and all of its employees will comply fully with the laws and governmental rules and regulations of the countries in which we operate.

You may under no circumstances knowingly mislead or misrepresent any Company information to auditors, regulators or other official bodies or their representatives in the conduct of their duties with respect to PartnerRe.

Integrity in the Purchase and Sale of PartnerRe Securities (Policies: Trading)

PartnerRe executives and designated insiders must comply with Company policy on the sale and purchase of PartnerRe securities, including but not limited to the communication and prior approval from Group Legal of all transactions, the reporting of all transactions, the prohibition of trading during Blackout Periods and the prohibition of trading under any circumstances when in the possession of material, non-public information.

All employees are prohibited from trading PartnerRe common shares in possession of material, non-public information.

Q Should I report a suspicion of fraud, even if I don't have any proof?

A If you report a breach of the Code, you should be as specific as possible about the violation you have witnessed and provide as much detailed information as you can to help facilitate an investigation. Even if you don't have evidence, you should still report the breach.

Fraud (Policies: Data Privacy, Information Security)
There is no tolerance of fraud involving any employee, shareholder, or third party with a business association with the Company. Many of the actions that are prohibited under this Code may constitute fraudulent activity including, but not limited to:

- Misappropriation of funds, securities, supplies, or other Company assets.
- Impropriety in the handling or reporting of money or financial transactions and statements.
- Profiteering as a result of insider knowledge of Company activities.
- Disclosing confidential and proprietary information to outside parties.
- Disclosing to other persons securities activities or acquisitions engaged in or contemplated by the Company.
- Accepting or seeking anything of material value from contractors, vendors, brokers, agents, client companies or persons providing services/materials to the Company.
- Destruction, removal, or inappropriate use of records and intellectual property (electronic or physical), furniture, fixtures, or equipment; and
- Any similar or related irregularity.

Any of the above would constitute a breach of this Code and should be reported through the appropriate channels.

Q How do I know that managers won't disregard my complaint?

A All managers at PartnerRe are obliged to follow an established complaints handling procedure available on PartnerRe*link*.

Compliance and Reporting Procedures

Should you become aware of practices or activities that appear to violate the specifics of the Code of Conduct or specific implementing policies, or should you have complaints regarding accounting, internal accounting controls or auditing matters or concerns regarding questionable accounting or auditing matters, you may raise the issue in a number of ways.

- Reports may be made to your Manager, Human Resources Manager, Corporate Audit, Group Legal, a member of the Executive Committee or any member of the Board of Directors.
- Notification of the advice will be made to an Executive Committee Member (unless it is made directly to the Board of Directors) and an appropriate investigation of the events, behaviors or policies will be made. The nature of the investigation will depend on the basis of the advice and may include outside legal, audit or other independent professional advice.
- The investigation results and actions taken will be reported quarterly to the Board of Directors.

All complaints will be handled according to an established complaints handling procedure. See page 15. The Company will not condone retaliation by managers or other employees for reports of alleged violations that are made in good faith. Any report should specifically allege a violation of the Code of Conduct and provide as much detailed information as possible to facilitate an investigation.

Q How am I guaranteed anonymity if I report a violation of the Code of Conduct?

A You may report a breach of the Code with complete anonymity via a Hotline Reporting button on PartnerRe*link*. An e-mail is sent directly to the Chairman of the Audit Committee; however your name will not appear in the e-mail and PartnerRe will make no attempt to trace the sender.

Anonymous Reporting

Although the Company encourages employees to report any breach of the Code of Conduct in an open manner, it recognizes that in some circumstances the reporting person may feel more comfortable making an anonymous report. Such reports can be made either by using the "Hotline Reporting" button located on the home page of PartnerRe*link*, or by delivering a letter to the Chief Legal Counsel for onward submission to the Chairman of the Audit Committee.

The Hotline Reporting button will send an e-mail directly to the Chairman of the Audit Committee, a member of PartnerRe's Board of Directors. As is the case for all of PartnerRe's Board members (except for the Company's President and CEO), the Chairman of the Audit Committee is not a member of PartnerRe Management and meets the independence requirements of the New York Stock Exchange for listed companies' board members. As a member of PartnerRe's Board of Directors, the Chairman of the Audit Committee is answerable to the Chairman of the Board, also an independent Director. (To see further information about PartnerRe's Board of Directors go to www.partnerre.com/about us/management and directors). The Hotline Reporting button on PartnerRe*link* is anonymous, meaning the reporting person's name will not appear in the e-mail. Furthermore, any attempt by any director or employee to trace the sender of a report who has chosen to remain anonymous, will be considered a violation of the Code of Conduct.

Amendments

The Board of Directors must approve material amendments to this Code of Conduct.

Complaints Handling Procedure

PartnerRe (the "Company") has established an internal reporting system for the receipt of reports pertaining to a breach of the Company's Code Conduct (the "Code"). Such reports are sometimes known as "whistleblower reports." No third party is involved in the reporting process and PartnerRe does not use a third party provider to facilitate "hotline" reporting.

Where an employee wishes to remain anonymous, either by making a report via the "Hotline Reporting" button or by delivery of a letter to the Chairman of the Audit Committee, no attempt will be made by the Company to trace the identity of the reporting person.

If the report is not made anonymously as outlined in the Code (see page 12), then only those persons charged with investigation of the report will know the identity of the reporting person. In all circumstances, strict confidentiality will be maintained with regard to any such reports.

All reports will be reviewed initially by the Chief Legal Counsel ("CLC") and the Chief Audit Executive ("CAE"). Further investigation will be made if the report concerns one of the following:

- Allegations affecting accounting, auditing and recordkeeping.
- Conduct of company officers and senior management.
- Potential to cause financial, legal or regulatory consequences.
- Potential to result in adverse publicity.
- Violation of client trust.
- Other forms of illegal or unethical conduct not described above.

All investigations will be made in compliance with established confidentiality standards (See Appendix B). In the event that any of the parties identified in this process are the subject of a report they will be excluded from the investigation process.

In certain circumstances, external parties may be used to investigate reported code violations. The appointment of any external party requires approval of the Audit Committee.

The Company will not condone retaliation by managers or other employees for reports of alleged violations that are made in good faith.

Procedures for Investigation of Alleged Violations

A. The following steps outline the procedures in respect of all non-anonymous reports.

- The initial recipient of the report should complete a "Code of Conduct Non-compliance Report" (see Appendix A).
- The report should be forwarded to the Chief Legal Counsel (the "CLC") and the Chief Audit Executive (the "CAE").
- Management should not initiate nor conduct any independent investigation.
- Any evidence or documentation provided by the reporter should be forwarded to the CLC and CAE together with the Code of Conduct Non-compliance Report.
- The CLC and CAE will review the report and evaluate the risk posed by the report.
- All reports meeting one or more of the above standards will be the subject of further investigation.
- Group Legal and Corporate Audit will carry out all investigations. The nature of the report may require the involvement of other internal parties. All personnel involved in carrying out an investigation will be subject to rigorous confidentiality standards (see Appendix B).
- Involvement of external parties in the investigative process (e.g. external counsel) requires Audit Committee approval.
- A summary report, prepared by the CLC, will be presented to the Chief Executive Officer of PartnerRe Ltd. (the "CEO") and the Audit Committee of the Board. The report will include the following detail:
  - Number of reports received
  - Nature of reported Code violation
  - Time from receipt of report to resolution
  - Parties involved (excluding the reporting person)
  - Assessment of report's seriousness and possible consequences to the Company

- Any documentation or other evidence gathered during the investigative process will only be retained if further action is to be taken. The retention period is ten years and all documents will be subject to strict confidentiality standards (see Appendix B).

For EU employees only:

- Within two months of the completion of an investigation, the CLC and CAE will prepare a report for the CEO with recommendations for any action to be taken.
- Any persons who are the subject of the report must also be notified at this time. They have the right to access and seek rectification of the report; however the identity of the reporting person will remain confidential.
- A summary of findings will be shared with the reporting person.

For Non-EU employees only:

- On completion of an investigation, the CLC and CAE will prepare a report for the CEO with recommendations for any action to be taken.
- If appropriate, a summary of findings will be shared with the employee who initiated the report.

B. The following steps outline the procedures in respect of all anonymous reports.

For EU employees only:

- Anonymous reporting may only be made in respect of financial irregularity (e.g. accounting and auditing misconduct, fraudulent entries, tax evasion, and bribery).
- The initial recipient of the report will be the Chairman of the Audit Committee.
- The Chairman of the Audit Committee will forward the report to the Group CEO and the CLC. The CLC will in turn involve the CAE.
- As far as is possible, the CLC will complete a "Code of Conduct Non-compliance Report" (see Appendix A).

For EU employees only:

- Under the authority of the Chairman of the Audit Committee the CLC and CAE will review the report. If the report extends beyond financial matters, it should be destroyed unless the reported violation poses a serious threat to either the Company or its employees. In addition to financial irregularity, other examples would include:
  - Threats to the safety of another employee
  - Moral or sexual harassment
  - Discrimination
  - Insider trading
  - Conflicts of interest
  - Disclosure of company secrets

For Non-EU employees only:

- Under the authority of the Chairman of the Audit Committee the CLC and CAE will review the report and evaluate the risk posed by the report based on the following materiality standards:
  - Allegations affecting accounting, auditing and recordkeeping
  - Conduct of company officers and senior management
  - Potential to cause financial, legal or regulatory consequences
  - Potential to result in adverse publicity
  - Violation of client trust
  - Other forms of illegal or unethical conduct not described above
- All reports meeting one or more of the above standards will be the subject of further investigation. In the event that any of the parties identified in this process are the subject of a report they will be excluded from the investigation process.
- At the direction of the Chairman of the Audit Committee, an investigation will be carried out either by Group Legal and Corporate Audit or by external counsel. All personnel involved in carrying out an investigation will be subject to rigorous confidentiality standards (see Appendix B).

- A summary report, prepared by the CLC, will be presented to the Group CEO and the Audit Committee of the Board. The report will include the following detail:
  - Number of reports received
  - Nature of reported Code violation
  - Time from receipt of report to resolution
  - Parties involved (excluding the reporting person)
  - Assessment of report's seriousness and possible consequences to the Company

For EU employees only:

- Within two months of the completion of an investigation, the CLC and CAE will prepare a report for the Chairman of the Audit Committee and the CEO with recommendations for any action to be taken.
- Any persons who are the subject of the report must also be notified at this time. They have the right to access and seek rectification of the report.
- Documentation and evidence gathered during the investigative process will only be retained if further action is to be taken. The retention period is ten years and all documents will be subject to strict confidentiality standards.

Appendix A

Code of Conduct Non-compliance Report

1. Date, time, location of receipt	
2. Identity of report recipient (please print name, phone number and e-mail address)	
3. Identity of report maker (please print name, phone number and e-mail address)	
4. Subject matter of report. Please include as many details as possible, including when breach of conduct occurred and who was involved. If there is a likelihood that it will occur again, please include details of when and where.	
5. Who else may have knowledge or information concerning the matter?	
6. Was any documentation or evidence received at the time the report was made? If "Yes," please list what was received and attach any documents to this report.	
7. Are there any other details or information which may help any subsequent investigation or which may be useful for PartnerRe to know?	

Appendix B

Confidentiality Standards

The following outlines the standards of confidentiality that will be applied in the investigation of any reported violation of the Code of Conduct. All individuals involved in the investigation of any reported violation must comply with these standards.

- Non-compliance reports should be completed manually and retained in a secure environment. No electronic versions should be created or stored.
- Completed Non-compliance reports should be shared only with the Chief Legal Counsel (the "CLC") .
- CLC will maintain control over any further necessary dissemination of reports.
- Any individual making a report through a channel other than the "Hotline Reporting" button can request anonymity.
- The recipient of the report will honor the request for anonymity to the fullest extent possible, but should encourage an open and transparent process. (Subsequent investigation without access to the individual who made the report may be more difficult).
- Any investigation will be dealt with on a "need to know" basis in order that details of any report are kept amongst a very limited number of people.
- Each individual involved in an investigation is prohibited from sharing any information outside the investigating group.
- Document preservation notices (if required) will only identify documents and information to be preserved.
- Only one central file will be created for each investigation. This will be maintained by Group Legal and kept in a secure environment.
- Reports to the Group CEO and Audit Committee Chairman will not be circulated in advance, but will be presented verbally, with relevant documentation being presented only at the meeting.
- All documentary evidence gathered during an investigation will be subject to destruction if no further action is deemed necessary.
- If further action is taken, supporting documents will be retained by Group Legal for a period of ten years after which they will be destroyed.

Exhibit 21.1

PartnerRe Ltd.

Subsidiaries of the Company

	% Beneficial Ownership by Immediate Parent	Jurisdiction of Incorporation
PartnerRe Ltd.	—	Bermuda
PartnerRe Services Ltd.	100	Bermuda
Partner Reinsurance Company Ltd.	100	Bermuda
PartnerRe Servicios Y Compania Limitada (1)	99	Chile
Intrinsic Equity Investments Ltd.	100	Bermuda
Intrinsic Equity Investments, LLC	100	Delaware, United States
PPF Holdings I Ltd.	100	Bermuda
Renewal Capital LLC (2)	99	Delaware, United States
PPF Holdings II Ltd.	100	Bermuda
PPF Holdings III Ltd.	100	Bermuda
PartnerRe Capital Investments Corp. .	100	Delaware, United States
PartnerRe Holdings Europe Limited	100	Ireland
PartnerRe Connecticut Inc.	100	Connecticut, United States
PartnerRe Ireland Insurance Limited	100	Ireland
PartnerRe Holdings B.V.	100	Netherlands
PartnerRe Holdings SA	100	France
PARIS RE America Insurance Company.	100	Delaware, United States
PartnerRe SA	100	France
Partner Reinsurance Europe Limited (3)	51	Ireland
PartnerRe Escritó de Representação no Brasil Ltda. (4)	99	Brazil
PartnerRe Miami Inc.	100	Florida, United States
PARIS RE Asia Pacific Pte Ltd.	100	Singapore
PartnerRe Courcelles	100	France
PartnerRe Facility Management GmbH	100	Switzerland
PartnerRe U.S. Corporation	100	Delaware, United States
PPF Finance LLC	100	Delaware, United States
PartnerRe Finance A LLC	100	Delaware, United States
PartnerRe Finance B LLC	100	Delaware, United States
PartnerRe Finance C LLC	100	Delaware, United States
PartnerRe Capital Markets Corp	100	Delaware, United States
PartnerRe Principal Finance Inc.	100	Delaware, United States
PartnerRe New Solutions Inc	100	Delaware, United States
PartnerRe Asset Management Corporation	100	Delaware, United States
Partner Reinsurance Company of the U.S.	100	New York, United States
PartnerRe Insurance Company of New York.	100	New York, United States
PartnerRe Finance I Inc.	100	Delaware, United States
PartnerRe Finance II Inc	100	Delaware, United States
PartnerRe Capital Trust II	100	Delaware, United States
PartnerRe Capital Trust III	100	Delaware, United States
PartnerRe Holdings I Switzerland AG	100	Switzerland
PartnerRe Holdings Switzerland GmbH	100	Switzerland
PARIS RE Switzerland AG	100	Switzerland
PartnerRe Financing Ltd.	100	Bermuda

(1) Partner Reinsurance Company Ltd. holds 99% of PartnerRe Servicios Y Compania Limitada and PartnerRe Services Ltd. holds the remaining 1%.

(2) PPF Holdings I Ltd. holds 99% of Renewal Capital LLC and a non-affiliate holds the remaining 1%.

(3) PartnerRe SA holds 51% of Partner Reinsurance Europe Limited and PartnerRe Holdings SA holds the remaining 49%.

(4) Partner Reinsurance Europe Limited holds 99% of PartnerRe Escritó de Representação no Brasil Ltda. and PartnerRe Holdings Europe Limited holds the remaining 1%.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-11998, 333-107242, 333-129762, 333-157585, 333-161207, 333-163445 and 333-163446 on Form S-8, and in Registration Statements Nos. 333-124713, 333-133573 and 333-158531 on Form S-3 of our reports dated February 28, 2011, relating to the consolidated financial statements and financial statement schedules of PartnerRe Ltd. and subsidiaries and the effectiveness of PartnerRe Ltd.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of PartnerRe Ltd. and subsidiaries for the year ended December 31, 2010.

/S/ DELOITTE & TOUCHE

Deloitte & Touche

Hamilton, Bermuda
February 28, 2011

Exhibit 31.1

CERTIFICATION

I, Constantinos Miranthis, certify that:

1. I have reviewed this annual report on Form 10-K of PartnerRe Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2011

/s/ CONSTANTINOS MIRANTHIS

Constantinos Miranthis
President & Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, William Babcock, certify that:

1. I have reviewed this annual report on Form 10-K of PartnerRe Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2011

/s/ WILLIAM BABCOCK

William Babcock
Executive Vice President & Chief Financial Officer

Exhibit 32

SECTION 906 CERTIFICATIONS

The certification set forth below is being submitted in connection with the Annual Report on Form 10-K of PartnerRe Ltd. (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Constantinos Miranthis, the Chief Executive Officer, and William Babcock, the Chief Financial Officer, each certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of PartnerRe Ltd.

Date: February 28, 2011

/s/ CONSTANTINOS MIRANTHIS

Constantinos Miranthis
President & Chief Executive Officer

/s/ WILLIAM BABCOCK

William Babcock
Executive Vice President & Chief Financial Officer