

PLATINUM UNDERWRITERS HOLDINGS LTD  
Form 10-Q  
July 25, 2013

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 2013

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: 001-31341

Platinum Underwriters Holdings, Ltd.  
(Exact name of registrant as specified in its charter)

Bermuda  
(State or other jurisdiction of  
incorporation or organization)

98-0416483  
(I.R.S. Employer Identification  
No.)

The Belvedere Building  
69 Pitts Bay Road  
Pembroke, Bermuda  
(Address of principal executive  
offices)

HM 08  
(Zip Code)

(441) 295-7195  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act.

Large accelerated  X  
filer

Accelerated filer

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

Smaller reporting  
company

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

Yes  No  X

The registrant had 29,267,929 common shares, par value \$0.01 per share, outstanding as of July 18, 2013.

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PLATINUM UNDERWRITERS HOLDINGS, LTD.  
 QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2013

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Consolidated Balance Sheets  
June 30, 2013 and December 31, 2012  
(\$ in thousands, except share data)

	(Unaudited)	
	June 30,	December
	2013	31, 2012
<b>ASSETS</b>		
<b>Investments:</b>		
Fixed maturity available-for-sale securities at fair value (amortized cost - \$1,739,802 and \$1,781,549, respectively)	\$1,815,640	\$1,941,685
Fixed maturity trading securities at fair value (amortized cost - \$98,550 and \$104,053, respectively)	105,070	112,813
Short-term investments	77,636	172,801
<b>Total investments</b>	<b>1,998,346</b>	<b>2,227,299</b>
Cash and cash equivalents	1,609,461	1,720,395
Accrued investment income	19,805	21,299
Reinsurance premiums receivable	133,360	128,517
Reinsurance recoverable on unpaid and paid losses and loss adjustment expenses	3,889	3,899
Prepaid reinsurance premiums	1,575	2,661
Funds held by ceding companies	119,445	114,090
Deferred acquisition costs	30,173	28,112
Reinsurance deposit assets	76,948	50,693
Deferred tax assets	31,297	22,773
Other assets	23,603	13,565
<b>Total assets</b>	<b>\$4,047,902</b>	<b>\$4,333,303</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Unpaid losses and loss adjustment expenses	\$1,793,087	\$1,961,282
Unearned premiums	123,590	113,960
Debt obligations	250,000	250,000
Commissions payable	72,994	64,849
Other liabilities	61,685	48,678
<b>Total liabilities</b>	<b>\$2,301,356</b>	<b>\$2,438,769</b>
<b>Shareholders' Equity</b>		
Common shares, \$0.01 par value, 200,000,000 shares authorized, 29,267,929 and 32,722,144 shares issued and outstanding, respectively	\$293	\$327
Additional paid-in capital	3,817	209,897
Accumulated other comprehensive income	64,367	137,690
Retained earnings	1,678,069	1,546,620
<b>Total shareholders' equity</b>	<b>\$1,746,546</b>	<b>\$1,894,534</b>

Total liabilities and shareholders' equity	\$4,047,902	\$4,333,303
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See accompanying notes to consolidated financial statements.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Consolidated Statements of Operations (Unaudited)  
For the Three and Six Months Ended June 30, 2013 and 2012  
(\$ in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
<b>Revenue:</b>				
Net premiums earned	\$142,933	\$145,075	\$269,786	\$283,287
Net investment income	17,808	26,155	36,352	54,707
Net realized gains on investments	11,686	24,978	25,004	47,317
Total other-than-temporary impairments	(200 )	(335 )	(614 )	(91 )
Portion of impairment losses recognized in other comprehensive income	(1,316 )	(778 )	(1,323 )	(2,092 )
Net impairment losses on investments	(1,516 )	(1,113 )	(1,937 )	(2,183 )
Other income (expense)	(315 )	(191 )	1,077	(670 )
<b>Total revenue</b>	<b>170,596</b>	<b>194,904</b>	<b>330,282</b>	<b>382,458</b>
<b>Expenses:</b>				
Net losses and loss adjustment expenses	62,667	67,117	76,665	146,313
Net acquisition expenses	30,313	30,200	60,532	60,857
Operating expenses	19,718	19,696	39,023	36,679
Net foreign currency exchange losses (gains)	(859 )	(310 )	(1,079 )	222
Interest expense	4,780	4,774	9,559	9,546
<b>Total expenses</b>	<b>116,619</b>	<b>121,477</b>	<b>184,700</b>	<b>253,617</b>
Income before income taxes	53,977	73,427	145,582	128,841
Income tax expense	4,123	5,895	9,212	8,022
<b>Net income</b>	<b>\$49,854</b>	<b>\$67,532</b>	<b>\$136,370</b>	<b>\$120,819</b>
<b>Earnings per common share:</b>				
Basic earnings per common share	\$1.63	\$1.98	\$4.32	\$3.48
Diluted earnings per common share	\$1.61	\$1.97	\$4.26	\$3.46
<b>Shareholder dividends:</b>				
Common shareholder dividends declared	\$2,337	\$2,667	\$4,921	\$5,507
Dividends declared per common share	\$0.08	\$0.08	\$0.16	\$0.16

See accompanying notes to consolidated financial statements.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income (Loss) (Unaudited)  
For the Three and Six Months Ended June 30, 2013 and 2012  
(\$ in thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Net income	\$49,854	\$67,532	\$136,370	\$120,819
Other comprehensive income (loss) on available-for-sale securities before reclassifications:				
Change in net unrealized gains and losses on securities with other-than-temporary impairments recorded	(200 )	(335 )	(614 )	(91 )
Change in net unrealized gains and losses on all other securities	(64,027 )	34,280	(58,217 )	49,093
Total change in net unrealized gains and losses	(64,227 )	33,945	(58,831 )	49,002
Reclassifications to net income on available-for-sale securities:				
Net realized gains on investments	(12,968 )	(25,219 )	(27,243 )	(47,897 )
Net impairment losses on investments	1,516	1,113	1,937	2,183
Total reclassifications to net income	(11,452 )	(24,106 )	(25,306 )	(45,714 )
Other comprehensive income (loss) before income taxes	(75,679 )	9,839	(84,137 )	3,288
Income tax benefit (expense)	8,943	(1,735 )	10,814	(1,361 )
Other comprehensive income (loss)	(66,736 )	8,104	(73,323 )	1,927
Comprehensive income (loss)	\$(16,882 )	\$75,636	\$63,047	\$122,746

See accompanying notes to consolidated financial statements.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Consolidated Statements of Shareholders' Equity (Unaudited)  
For the Six Months Ended June 30, 2013 and 2012  
(\$ in thousands)

	2013	2012
<b>Common shares:</b>		
Balances at beginning of period	\$327	\$355
Exercise of common share options	4	-
Settlement of equity awards	2	2
Repurchase of common shares	(40 )	(25 )
Balances at end of period	293	332
<b>Additional paid-in capital:</b>		
Balances at beginning of period	209,897	313,730
Exercise of common share options	14,144	1,014
Settlement of equity awards	(1,270 )	(1,109 )
Repurchase of common shares	(224,193 )	(89,910 )
Amortization of share-based compensation	4,461	3,694
Income tax benefit from share-based compensation	778	63
Balances at end of period	3,817	227,482
<b>Accumulated other comprehensive income:</b>		
Balances at beginning of period	137,690	146,635
Other comprehensive income (loss)	(73,323 )	1,927
Balances at end of period	64,367	148,562
<b>Retained earnings:</b>		
Balances at beginning of period	1,546,620	1,230,139
Net income	136,370	120,819
Common share dividends	(4,921 )	(5,507 )
Balances at end of period	1,678,069	1,345,451
Total shareholders' equity	\$1,746,546	\$1,721,827

See accompanying notes to consolidated financial statements.



Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows (Unaudited)  
For the Six Months Ended June 30, 2013 and 2012  
(\$ in thousands)

	2013	2012
<b>Operating Activities:</b>		
Net income	\$ 136,370	\$ 120,819
Adjustments to reconcile net income to cash provided by (used in) operations:		
Depreciation and amortization	4,552	2,518
Net realized gains on investments	(25,004 )	(47,317 )
Net impairment losses on investments	1,937	2,183
Net foreign currency exchange losses (gains)	(1,079 )	222
Amortization of share-based compensation	6,506	4,046
Deferred income tax expense	2,291	5,215
Net fixed maturity trading securities activities	-	9,877
Changes in assets and liabilities:		
Accrued investment income	1,138	4,817
Reinsurance premiums receivable	(6,115 )	13,778
Funds held by ceding companies	(5,611 )	(17,140 )
Deferred acquisition costs	(2,143 )	1,134
Reinsurance deposit assets	(26,255 )	-
Net unpaid and paid losses and loss adjustment expenses	(144,198 )	(158,720 )
Net unearned premiums	11,349	1,833
Commissions payable	8,424	1,624
Other assets and liabilities	(11,275 )	(4,074 )
Net cash provided by (used in) operating activities	(49,113 )	(59,185 )
<b>Investing Activities:</b>		
Proceeds from the sales of:		
Fixed maturity available-for-sale securities	203,571	395,269
Short-term investments	11,857	20,597
Proceeds from the maturities or paydowns of:		
Fixed maturity available-for-sale securities	93,075	179,768
Short-term investments	176,568	577,296
Acquisitions of:		
Fixed maturity available-for-sale securities	(218,111 )	(172,110 )
Short-term investments	(97,705 )	(168,542 )
Acquisitions of furniture, equipment and other assets	(3,805 )	-
Net cash provided by (used in) investing activities	165,450	832,278
<b>Financing Activities:</b>		
Dividends paid to common shareholders	(4,921 )	(5,507 )
Repurchase of common shares	(224,233 )	(89,935 )
Proceeds from exercise of common share options	14,144	1,014
Net cash provided by (used in) financing activities	(215,010 )	(94,428 )
Effect of foreign currency exchange rate changes on cash	(12,261 )	(5,192 )
Net increase (decrease) in cash and cash equivalents	(110,934 )	673,473

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Cash and cash equivalents at beginning of period	1,720,395	792,510
Cash and cash equivalents at end of period	\$1,609,461	\$1,465,983
Supplemental disclosures of cash flow information:		
Income taxes paid, net of refunds	\$15,264	\$9,012
Interest paid	\$9,375	\$9,375

See accompanying notes to consolidated financial statements.

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Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited)  
For the Three and Six Months Ended June 30, 2013 and 2012

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation and Consolidation

Platinum Underwriters Holdings, Ltd. (“Platinum Holdings”) is a holding company domiciled in Bermuda. Through our reinsurance subsidiaries, we provide property and marine, casualty and finite risk reinsurance coverages to a diverse clientele of insurers and select reinsurers on a worldwide basis.

Platinum Holdings and its consolidated subsidiaries (collectively, the “Company”) include Platinum Holdings, Platinum Underwriters Bermuda, Ltd. (“Platinum Bermuda”), Platinum Underwriters Reinsurance, Inc. (“Platinum US”), Platinum Regency Holdings (“Platinum Regency”), Platinum Underwriters Finance, Inc. (“Platinum Finance”) and Platinum Administrative Services, Inc. The terms “we,” “us,” and “our” refer to the Company, unless the context otherwise indicates.

We operate through two licensed reinsurance subsidiaries, Platinum Bermuda, a Bermuda reinsurance company, and Platinum US, a U.S. reinsurance company. Platinum Regency is an intermediate holding company based in Ireland and a wholly owned subsidiary of Platinum Holdings. Platinum Finance is an intermediate holding company based in the U.S. and a wholly owned subsidiary of Platinum Regency. Platinum Bermuda is a wholly owned subsidiary of Platinum Holdings and Platinum US is a wholly owned subsidiary of Platinum Finance. Platinum Administrative Services, Inc. is a wholly owned subsidiary of Platinum Finance that provides administrative support services to the Company.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete financial statements. All material inter-company transactions and accounts have been eliminated in preparing these consolidated financial statements. The consolidated financial statements as of June 30, 2013 and for the three and six months ended June 30, 2013 and 2012 are unaudited and include all adjustments consisting of normal recurring items that management considers necessary for a fair presentation under U.S. GAAP. These consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2012.

The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ materially from these estimates. The major estimates used in the preparation of the Company's consolidated financial statements, and therefore considered to be critical accounting estimates, include, but are not limited to, premiums written and earned, unpaid losses and loss adjustment expenses (“LAE”), valuation of investments and income taxes. In addition, estimates are used in our risk transfer analysis for assumed and ceded reinsurance transactions. Results of changes in estimates are reflected in results of operations in the period in which the change is made. The results of operations for any interim period are not necessarily indicative of results for the full year.

Recently Issued Accounting Standards

New Accounting Standards Adopted in 2013

In February 2013, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2013-02, “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (“ASU 2013-02”). ASU 2013-02 supersedes and replaces the presentation requirements for reclassifications out of accumulated other comprehensive income in ASU 2011-12 “Comprehensive Income: Deferral of the Effective Date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05” and ASU 2011-05 “Presentation of Comprehensive Income” and requires additional information about reclassifications out of accumulated other comprehensive income. None of the other requirements of the previous ASUs are affected by ASU 2013-02. ASU 2013-02 is effective on a prospective basis for interim and annual periods beginning after December 15, 2012. We adopted the guidance as of January 1, 2013 with additional disclosures reflected in Note 10.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

## 2. Investments

## Fixed Maturity Available-for-sale Securities

Our fixed maturity available-for-sale securities are U.S. dollar denominated securities. The following table sets forth our fixed maturity available-for-sale securities as of June 30, 2013 and December 31, 2012 (\$ in thousands):

	Amortized Cost	Included in Accumulated Other Comprehensive Income		Fair Value	Non-credit portion of OTTI(1)
		Gross Unrealized Gains	Gross Unrealized Losses		
<b>June 30, 2013:</b>					
U.S. Government	\$4,597	\$245	\$-	\$4,842	\$-
Municipal bonds	1,152,113	69,817	5,151	1,216,779	-
Non-U.S. governments	39,969	513	-	40,482	-
Corporate bonds	242,056	7,115	3,433	245,738	-
Commercial mortgage-backed securities	93,907	5,340	155	99,092	-
Residential mortgage-backed securities	190,834	2,053	1,829	191,058	713
Asset-backed securities	16,326	1,730	407	17,649	287
<b>Total fixed maturity available-for-sale securities</b>	<b>\$1,739,802</b>	<b>\$86,813</b>	<b>\$10,975</b>	<b>\$1,815,640</b>	<b>\$1,000</b>
<b>December 31, 2012:</b>					
U.S. Government	\$4,632	\$312	\$-	\$4,944	\$-
Municipal bonds	1,080,273	129,735	74	1,209,934	-
Non-U.S. governments	49,978	999	-	50,977	-
Corporate bonds	279,981	21,109	182	300,908	-
Commercial mortgage-backed securities	127,148	8,807	429	135,526	264
Residential mortgage-backed securities	222,331	2,584	3,293	221,622	2,083
Asset-backed securities	17,206	1,426	858	17,774	858
<b>Total fixed maturity available-for-sale securities</b>	<b>\$1,781,549</b>	<b>\$164,972</b>	<b>\$4,836</b>	<b>\$1,941,685</b>	<b>\$3,205</b>

(1) The non-credit portion of other than temporary impairments ("OTTI") represents the amount of unrealized losses on impaired securities that were not recorded in the consolidated statements of operations as of the reporting date. These unrealized losses are included in gross unrealized losses as of June 30, 2013 and December 31, 2012.

## Fixed Maturity Trading Securities

Our fixed maturity trading securities are non-U.S. dollar denominated securities that, along with our non-U.S. dollar short-term trading investments and non-U.S. dollar cash and cash equivalents, are held for the purposes of hedging our non-U.S. dollar denominated reinsurance liabilities.

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The following table sets forth the fair value of our fixed maturity trading securities as of June 30, 2013 and December 31, 2012 (\$ in thousands):

	June 30, 2013	December 31, 2012
Non-U.S. governments	\$105,070	\$ 112,813
Total fixed maturity trading securities	\$105,070	\$ 112,813

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Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

### Maturities

The following table sets forth the amortized cost and fair value of our fixed maturity available-for-sale and trading securities by stated maturity as of June 30, 2013 (\$ in thousands):

	Amortized Cost	Fair Value
Due in one year or less	\$66,062	\$66,804
Due from one to five years	451,162	471,377
Due from five to ten years	593,056	616,478
Due in ten or more years	427,005	458,252
Mortgage-backed and asset-backed securities	301,067	307,799
<b>Total</b>	<b>\$1,838,352</b>	<b>\$1,920,710</b>

The actual maturities of our fixed maturity available-for-sale and trading securities could differ from stated maturities due to call or prepayment provisions.

### Short-term Investments

The following table sets forth the fair value of our short-term investments as of June 30, 2013 and December 31, 2012 (\$ in thousands):

	June 30, 2013	December 31, 2012
Available-for-sale:		
U.S. Government	\$-	\$ 49,186
Trading:		
Non-U.S. governments	77,636	123,615
<b>Total short-term investments</b>	<b>\$77,636</b>	<b>\$ 172,801</b>

The fair value adjustments on short-term investments recognized as trading under the fair value option contributed no realized gains or losses on investments for the three and six months ended June 30, 2013 and 2012.

For the six months ended June 30, 2013, we had purchases of \$97.7 million, proceeds from maturities of \$127.4 million and proceeds from sales of \$11.9 million from non-U.S. dollar denominated short-term investments accounted for as trading in accordance with the fair value option that were included in investing activities on the statements of cash flows. For the six months ended June 30, 2012, we had purchases of \$106.1 million, proceeds from maturities of \$169.6 million and proceeds from sales of \$20.6 million from non-U.S. dollar denominated short-term investments accounted for as trading in accordance with the fair value option that were included in investing activities on the statements of cash flows.

### Other-Than-Temporary Impairments

The following table sets forth the net impairment losses on investments for the three and six months ended June 30, 2013 and 2012 (\$ in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Commercial mortgage-backed securities	\$-	\$-	\$-	\$30
Non-agency residential mortgage-backed securities	1,075	1,106	1,411	2,146
Sub-prime asset-backed securities	441	7	526	7
Net impairment losses on investments	\$1,516	\$1,113	\$1,937	\$2,183

We analyze the creditworthiness of our available-for-sale securities by reviewing various performance metrics of the issuer. We determined that none of our government bonds, municipal bonds or corporate bonds were other-than-temporarily impaired for the three and six months ended June 30, 2013 and 2012.

We analyze our commercial mortgage-backed securities (“CMBS”) on a periodic basis using default loss models based on the performance of the underlying loans. Performance metrics include delinquencies, defaults, foreclosures, debt-service-coverage ratios and cumulative losses incurred. The expected losses for a mortgage pool are compared with the current level of credit support, which generally represents the point at which our security would experience losses. We evaluate projected cash flows as well as other factors in order to determine if a credit impairment has occurred. As of June 30, 2013, the single largest unrealized loss within our CMBS portfolio was \$0.1 million related to a security with an amortized cost of \$4.8 million.



Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Residential mortgage-backed securities (“RMBS”) include U.S. Government agency RMBS and non-agency RMBS. Securities with underlying sub-prime mortgages as collateral are included in asset-backed securities (“ABS”). We determined that none of our U.S. Government agency RMBS were other-than-temporarily impaired for the six months ended June 30, 2013 and 2012. We analyze our non-agency RMBS and sub-prime ABS on a periodic basis using default loss models based on the performance of the underlying loans. Performance metrics include delinquencies, defaults, foreclosures, prepayment speeds and cumulative losses incurred. The expected losses for a mortgage pool are compared with the current level of credit support, which generally represents the point at which our security would experience losses. We evaluate projected cash flows as well as other factors in order to determine if a credit impairment has occurred. As of June 30, 2013, the single largest unrealized loss within our RMBS portfolio was \$0.6 million related to a non-agency RMBS security with an amortized cost of \$4.2 million. As of June 30, 2013, the single largest unrealized loss within our sub-prime ABS portfolio was \$0.3 million related to a security with an amortized cost of \$0.6 million.

The following table sets forth a summary of the cumulative credit losses recognized on our fixed maturity available-for-sale securities for the three and six months ended June 30, 2013 and 2012 (\$ in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Balance, beginning of period	\$36,562	\$60,444	\$40,219	\$61,841
Credit losses on securities previously impaired	1,516	1,113	1,937	2,183
Reduction for paydowns and securities sold	(2,204 )	(3,464 )	(6,138 )	(5,721 )
Reduction for increases in cash flows expected to be collected	(112 )	(219 )	(256 )	(429 )
Balance, end of period	\$35,762	\$57,874	\$35,762	\$57,874

As of June 30, 2013, total cumulative credit losses were related to CMBS, non-agency RMBS and sub-prime ABS. The cumulative credit losses we recorded on CMBS of \$1.4 million were on two securities issued in 2007. As of June 30, 2013, 4.0% of the mortgages backing these securities were 90 days or more past due and 1.0% of the mortgages had incurred cumulative losses. For these securities, the expected losses for the underlying mortgages were greater than the remaining credit support of 4.6%. The cumulative credit losses we recorded on non-agency RMBS and sub-prime ABS of \$34.4 million were on seventeen securities issued from 2004 to 2007. As of June 30, 2013, 16.4% of the mortgages backing these securities were 90 days or more past due and 6.4% of the mortgages had incurred cumulative losses. For these securities, the expected losses for the underlying mortgages were greater than the remaining credit support of 3.2%.

#### Gross Unrealized Losses

The following table sets forth our gross unrealized losses on securities classified as fixed maturity available-for-sale aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of June 30, 2013 and December 31, 2012 (\$ in thousands):

	June 30, 2013		December 31, 2012	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Less than twelve months:				

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Municipal bonds	\$164,419	\$5,151	\$18,878	\$74
Corporate bonds	80,080	3,433	4,450	41
Commercial mortgage-backed securities	6,600	155	6,758	165
Residential mortgage-backed securities	52,944	396	39	9
Asset-backed securities	13,480	120	64	1
Total	\$317,523	\$9,255	\$30,189	\$290

Twelve months or more:

Municipal bonds	\$-	\$-	\$-	\$-
Corporate bonds	-	-	6,039	141
Commercial mortgage-backed securities	-	-	762	264
Residential mortgage-backed securities	15,142	1,433	17,096	3,284
Asset-backed securities	809	287	799	857
Total	\$15,951	\$1,720	\$24,696	\$4,546

Total unrealized losses:

Municipal bonds	\$164,419	\$5,151	\$18,878	\$74
Corporate bonds	80,080	3,433	10,489	182
Commercial mortgage-backed securities	6,600	155	7,520	429
Residential mortgage-backed securities	68,086	1,829	17,135	3,293
Asset-backed securities	14,289	407	863	858
Total	\$333,474	\$10,975	\$54,885	\$4,836

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

We believe that the gross unrealized losses in our fixed maturity available-for-sale securities portfolio represent temporary declines in fair value. We believe that the unrealized losses are not necessarily predictive of ultimate performance and that the provisions we have made for net impairment losses are adequate. However, economic conditions may deteriorate more than expected and may adversely affect the expected cash flows of our securities, which in turn may lead to impairment losses being recorded in future periods. Conversely, economic conditions may improve more than expected and favorably increase the expected cash flows of our impaired securities, which would be earned through net investment income over the remaining life of the security.

#### Net Investment Income

The following table sets forth our net investment income for the three and six months ended June 30, 2013 and 2012 (\$ in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Fixed maturity securities	\$16,870	\$24,583	\$34,613	\$51,870
Short-term investments and cash and cash equivalents	1,175	1,989	2,223	3,811
Funds held by ceding companies	811	600	1,653	1,254
Subtotal	18,856	27,172	38,489	56,935
Investment expenses	(1,048 )	(1,017 )	(2,137 )	(2,228 )
Net investment income	\$17,808	\$26,155	\$36,352	\$54,707

#### Net Realized Gains on Investments

The following table sets forth our net realized gains on investments for the three and six months ended June 30, 2013 and 2012 (\$ in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Gross realized gains on the sale of investments	\$12,982	\$25,263	\$27,258	\$47,941
Gross realized losses on the sale of investments	(15 )	-	(15 )	(1 )
Net realized gains on the sale of investments	12,967	25,263	27,243	47,940
Fair value adjustments on trading securities	(1,281 )	(285 )	(2,239 )	(623 )
Net realized gains on investments	\$11,686	\$24,978	\$25,004	\$47,317

### 3. Fair Value Measurements

The accounting guidance related to fair value measurements addresses the recognition and disclosure of fair value measurements where those measurements are either required or permitted by the guidance. The fair values of our financial assets and liabilities addressed by this guidance are determined primarily through the use of observable inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from external independent sources. Unobservable inputs reflect management's assumptions about what market participants' assumptions would be in pricing the asset or liability based on the best information available. We classify our financial assets and liabilities in the fair value hierarchy based on the lowest level input

that is significant to the fair value measurement. This classification requires judgment in assessing the market and pricing methodologies for a particular security. The fair value hierarchy is comprised of the following three levels:

Level 1: Valuations are based on unadjusted quoted prices in active markets for identical financial assets or liabilities;

Level 2: Valuations are based on prices obtained from independent pricing vendors, index providers or broker-dealers using observable inputs for financial assets and liabilities; and

Level 3: Valuations are based on unobservable inputs for assets and liabilities where there is little or no market activity. Unadjusted third party pricing sources or management's assumptions and internal valuation models may be used to determine the fair value of financial assets or liabilities.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Level 1, 2 and 3 Financial Assets Carried at Fair Value

The fair values of our fixed maturity securities and short-term investments are based on prices primarily obtained from pricing vendors, index providers, or broker-dealers using observable inputs. Fixed maturity securities, short-term investments and our reinsurance deposit assets are generally valued using the market approach. We validate the prices we obtain from third party pricing sources by performing price comparisons against multiple pricing sources, if available, periodically back-testing of sales to the previously reported fair value, performing an in-depth review of specific securities when evaluating stale prices and large price movements, as well as performing other validation procedures. We also continuously monitor market data that relates to our investment portfolio and review pricing documentation that describes the methodologies used by various pricing vendors. If we determine that a price appears unreasonable, we investigate and assess whether the price should be adjusted. Our fixed maturity securities, short-term investments and reinsurance deposit assets are classified in the fair value hierarchy as follows:

U.S. Government

Level 1 - The fair values of U.S. Government securities were based on quoted prices in active markets for identical assets.

Municipal bonds

Level 2 - The fair values of municipal bonds were determined based on observable inputs that may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark securities, bids, credit risks and economic indicators.

Non-U.S. governments

Level 1 or 2 - The fair values of non-U.S. government securities were determined based on quoted prices in active markets for identical assets or observable inputs that may include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. Our non-U.S. government bond portfolio consisted of securities issued primarily by governments, provinces, agencies and supranationals.

Corporate bonds

Level 2 - The fair values of corporate bonds were determined based on observable inputs that may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark securities, bids, credit risks and industry and economic indicators.

Commercial mortgage-backed securities

Level 2 or 3 - The fair values of CMBS classified as Level 2 were determined based on observable inputs that may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, bids, security cash flows and structures, delinquencies, loss severities and default rates. CMBS classified as Level 3 used unobservable inputs that may include the probability of default and loss severity in the event of default.

Residential mortgage-backed securities

Level 2 or 3 - Our RMBS portfolio was comprised of securities issued by U.S. Government agencies and by non-agency institutions. The fair values of RMBS classified as Level 2 were determined based on observable inputs that may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, bids, loan level information, security cash flows and structures, prepayment speeds, delinquencies, loss severities and default rates. Non-agency RMBS classified as Level 3 used unobservable inputs that may include the probability of default, loss severity in the event of default and prepayment speeds.

#### Asset-backed securities

Level 2 or 3 - The fair values of ABS classified as Level 2 were determined based on observable inputs that may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, bids, security cash flows and structures, type of collateral, prepayment speeds, delinquencies, loss severities and default rates. Sub-prime ABS classified as Level 3 used unobservable inputs that may include the probability of default, loss severity in the event of default and prepayment speeds.

#### Short-term investments

Level 2 - The fair values of short-term investments were determined based on observable inputs that may include the spread above the risk-free yield curve, reported trades and broker-dealer quotes.

#### Reinsurance deposit assets

Level 3 - The fair values of our reinsurance deposit assets were determined by management primarily using unobservable inputs through the application of our own assumptions and internal valuation model.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

The following table presents the fair value hierarchy for those financial assets and liabilities measured at fair value on a recurring basis by the Company as of June 30, 2013 and December 31, 2012 (\$ in thousands):

	Fair Value Measurement Using:			
	Total	Level 1	Level 2	Level 3
<b>June 30, 2013:</b>				
<b>Investments:</b>				
U.S. Government	\$ 4,842	\$ 4,842	\$ -	\$ -
Municipal bonds	1,216,779	-	1,216,779	-
Non-U.S. governments	145,552	51,523	94,029	-
Corporate bonds	245,738	-	245,738	-
Commercial mortgage-backed securities	99,092	-	99,092	-
Residential mortgage-backed securities	191,058	-	186,538	4,520
Asset-backed securities	17,649	-	16,392	1,257
Short-term investments	77,636	-	77,636	-
<b>Total investments</b>	<b>1,998,346</b>	<b>56,365</b>	<b>1,936,204</b>	<b>5,777</b>
Reinsurance deposit assets	76,948	-	-	76,948
<b>Total</b>	<b>\$ 2,075,294</b>	<b>\$ 56,365</b>	<b>\$ 1,936,204</b>	<b>\$ 82,725</b>
<b>December 31, 2012:</b>				
<b>Investments:</b>				
U.S. Government	\$ 4,944	\$ 4,944	\$ -	\$ -
Municipal bonds	1,209,934	-	1,209,934	-
Non-U.S. governments	163,790	56,422	107,368	-
Corporate bonds	300,908	-	300,908	-
Commercial mortgage-backed securities	135,526	-	135,002	524
Residential mortgage-backed securities	221,622	-	216,248	5,374
Asset-backed securities	17,774	-	16,738	1,036
Short-term investments	172,801	-	172,801	-
<b>Total investments</b>	<b>2,227,299</b>	<b>61,366</b>	<b>2,158,999</b>	<b>6,934</b>
Reinsurance deposit asset	50,693	-	-	50,693
<b>Total</b>	<b>\$ 2,277,992</b>	<b>\$ 61,366</b>	<b>\$ 2,158,999</b>	<b>\$ 57,627</b>

There were no transfers between Levels 1 and 2 during the three and six months ended June 30, 2013 and 2012. Transfers of assets into or out of Level 3 are recorded at their fair values as of the end of each reporting period, consistent with the date of the determination of fair value. The transfers into and out of Level 3 were based on the level of evidence available to corroborate significant observable inputs with market observable information.

#### Changes in Level 3 Financial Assets

The following table reconciles the beginning and ending balance for our Level 3 financial assets measured at fair value on a recurring basis for the three and six months ended June 30, 2013 and 2012 (\$ in thousands):

	Three Months Ended June 30, 2013				Total
	Commercial mortgage-backed	Residential mortgage-backed	Asset-backed securities	Reinsurance deposit	

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	securities	securities		assets	
Balance, beginning of period	\$ -	\$ 1,996	\$ 3,263	\$ 52,088	\$ 57,347
Purchases	-	-	-	25,000	25,000
Sales, maturities and paydowns	-	(126 )	(29 )	-	(155 )
Total increase (decrease) in fair value included in earnings	-	-	-	(140 )	(140 )
Total net unrealized gains (losses) included in other comprehensive income (loss)	-	176	96	-	272
Transfers into Level 3	-	4,049	312	-	4,361
Transfers out of Level 3	-	(1,575 )	(2,385 )	-	(3,960 )
Balance, end of period	\$ -	\$ 4,520	\$ 1,257	\$ 76,948	\$ 82,725
Total increase (decrease) in fair value of the financial assets included in earnings for the period	\$ -	\$ -	\$ -	\$ (140 )	\$ (140 )

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Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Three Months Ended June 30, 2012					
	Commercial mortgage-backed securities	Residential mortgage-backed securities	Asset-backed securities	Reinsurance deposit assets	Total
Balance, beginning of period	\$ -	\$ 5,564	\$ 1,723	\$ -	\$ 7,287
Sales, maturities and paydowns	-	(641 )	-	-	(641 )
Total net unrealized gains (losses) included in other comprehensive income (loss)	-	285	(157 )	-	128
Transfers into Level 3	-	2,253	-	-	2,253
Balance, end of period	\$ -	\$ 7,461	\$ 1,566	\$ -	\$ 9,027
Total increase (decrease) in fair value of the financial assets included in earnings for the period	\$ -	\$ -	\$ -	\$ -	\$ -

Six Months Ended June 30, 2013					
	Commercial mortgage-backed securities	Residential mortgage-backed securities	Asset-backed securities	Reinsurance deposit assets	Total
Balance, beginning of period	\$ 524	\$ 5,374	\$ 1,036	\$ 50,693	\$ 57,627
Purchases	-	-	-	25,000	25,000
Sales, maturities and paydowns	-	(166 )	(29 )	-	(195 )
Total increase (decrease) in fair value included in earnings	-	-	-	1,255	1,255
Total net unrealized gains (losses) included in other comprehensive income (loss)	487	421	29	-	937
Transfers into Level 3	-	4,049	2,606	-	6,655
Transfers out of Level 3	(1,011 )	(5,158 )	(2,385 )	-	(8,554 )
Balance, end of period	\$ -	\$ 4,520	\$ 1,257	\$ 76,948	\$ 82,725
Total increase (decrease) in fair value of the financial assets included in earnings for the period	\$ -	\$ -	\$ -	\$ 1,255	\$ 1,255

Six Months Ended June 30, 2012					
	Commercial mortgage-backed securities	Residential mortgage-backed securities	Asset-backed securities	Reinsurance deposit assets	Total
Balance, beginning of period	\$ -	\$ 8,146	\$ 1,867	\$ -	\$ 10,013
Sales, maturities and paydowns	-	(734 )	-	-	(734 )
	-	50	(301 )	-	(251 )

Total net unrealized gains (losses) included in other comprehensive income (loss)					
Transfers into Level 3	-	2,253	-	-	2,253
Transfers out of Level 3	-	(2,254 )	-	-	(2,254 )
Balance, end of period	\$ -	\$ 7,461	\$ 1,566	\$ -	\$ 9,027
Total increase (decrease) in fair value of the financial assets included in earnings for the period					
	\$ -	\$ -	\$ -	\$ -	\$ -

#### Quantitative Information of Level 3 Fair Value Measurements

The fair value measurements of our CMBS, non-agency RMBS and sub-prime ABS classified as Level 3 were based on unadjusted third party pricing sources.

Our reinsurance deposit assets represent retrocessional aggregate excess of loss reinsurance agreements we purchased for consideration of \$75.0 million. We elected to record our reinsurance deposit assets under the fair value option as the terms and conditions of these contracts have unique variable investment performance factors. The terms of these agreements provide for a book yield ranging from a minimum of 3.0% to a maximum of 6.5% accumulating over the estimated contract period.

The fair value measurements of our reinsurance deposit assets used significant unobservable inputs through the application of our own assumptions and internal valuation model and were classified as Level 3. The most significant unobservable inputs used in our internal valuation model are the estimated contract period remaining, credit spread above the risk-free rate and net losses and LAE ceded. The credit spread above the risk-free rate is determined by reviewing the credit spreads of fixed income securities through observable market data, as well as considering illiquidity and the structure of these contracts. The fair value of the reinsurance deposit assets may increase or decrease due to changes in the estimated contract period remaining, the credit spread and net losses and LAE ceded. Generally, a decrease in the credit spread would result in an increase in the fair value of the reinsurance deposit assets. Conversely, an increase in the credit spread or an increase in net losses and LAE ceded would result in a decrease in the fair value of the reinsurance deposit assets.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

The following table sets forth the weighted average of the significant unobservable quantitative information used for the fair value measurement of our reinsurance deposit assets as of June 30, 2013 and December 31, 2012:

	June 30, 2013	December 31, 2012
Estimated contract period remaining	1,372 days	1,350 days
Credit spread above the risk-free rate	1.96%	2.47%
Net losses and LAE ceded inception-to-date	\$-	\$-

#### Other Financial Assets and Liabilities Not Carried at Fair Value

Accounting guidance requires note disclosure of the fair value of other financial assets and liabilities not carried at fair value, excluding balances related to insurance contracts.

The debt obligations on our consolidated balance sheets were recorded at cost with a carrying value of \$250.0 million at June 30, 2013 and December 31, 2012, and had a fair value of \$274.6 million and \$278.5 million at June 30, 2013 and December 31, 2012, respectively. The fair value measurements were based on observable inputs and therefore would be considered to be Level 2.

Our remaining financial assets and liabilities were carried at cost or amortized cost, which approximates fair value, at June 30, 2013 and December 31, 2012. The fair value measurements were based on observable inputs and therefore would be considered to be Level 1 or Level 2.

#### 4. Credit Facilities

As of June 30, 2013, we had a \$300.0 million credit facility with various financial institutions (the “Syndicated Credit Facility”) available for revolving borrowings and letters of credit. In addition, we had other letter of credit (“LOC”) facilities available for the issuance of letters of credit to support reinsurance obligations of our reinsurance subsidiaries. We had no revolving borrowings under the Syndicated Credit Facility during the six months ended June 30, 2013 and the year ended December 31, 2012.

The following table summarizes the outstanding letters of credit and the cash and cash equivalents held in trust to collateralize letters of credit issued as of June 30, 2013 (\$ in thousands):

	Letters of Credit		Collateral
	Committed Capacity	Issued	Cash and Cash Equivalents
<b>Syndicated Credit Facility:</b>			
Secured	\$200,000	\$80,405	\$93,347
Unsecured	100,000	-	-
Total Syndicated Credit Facility	300,000	80,405	93,347
Other LOC Facilities	118,122	46,454	67,312
Total	\$418,122	\$126,859	\$160,659

As of June 30, 2013, we were in compliance with covenants under all credit facilities.

On July 2, 2013, Platinum Bermuda increased the amount of an uncommitted LOC facility by \$50.0 million resulting in total uncommitted LOC capacity of \$256.9 million available to our reinsurance subsidiaries. The Company also has the ability to increase the syndicated and other LOC facilities by up to \$175.0 million, subject to agreement with the lenders.

## 5. Income Taxes

We provide for income tax expense or benefit based upon pre-tax income reported in the consolidated financial statements and the provisions of currently enacted tax laws. Platinum Holdings and Platinum Bermuda are incorporated under the laws of Bermuda and are subject to Bermuda law with respect to taxation. Under current Bermuda law, Platinum Holdings and Platinum Bermuda are not taxed on any Bermuda income or capital gains and they have received an assurance from the Bermuda Minister of Finance that if any legislation is enacted in Bermuda that would impose 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 will not be applicable to Platinum Holdings or Platinum Bermuda or any of their respective operations, shares, debentures or other obligations until March 31, 2035. Platinum Holdings has subsidiaries based in the United States and Ireland that are subject to the tax laws thereof.

The U.S. Internal Revenue Service completed its examination of the 2003 federal income tax return of our U.S.-based subsidiaries and during 2013 the Company received a refund of \$6.0 million, including accrued interest of \$1.3 million, related to this return. The federal income tax returns of our U.S.-based subsidiaries that remain open to examination are for calendar years 2009 and later.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

## 6. Share Repurchases

Our Board of Directors has authorized the repurchase of our common shares through a share repurchase program. Since the program was established, our Board of Directors has approved increases in the repurchase program from time to time, most recently on July 24, 2013, to result in authority as of such date to repurchase up to a total of \$250.0 million of our common shares.

During the three months ended June 30, 2013, in accordance with the share repurchase program, we repurchased 2,705,797 of our common shares in the open market for an aggregate cost of \$155.9 million at a weighted average cost including commissions of \$57.62 per share. During the six months ended June 30, 2013, in accordance with the share repurchase program, we repurchased 3,997,661 of our common shares in the open market for an aggregate cost of \$224.2 million at a weighted average cost including commissions of \$56.09 per share. The shares we repurchased were canceled.

## 7. Statutory Regulations and Dividend Restrictions

Platinum Holdings and its subsidiaries are subject to certain legal and regulatory restrictions in their respective jurisdictions of domicile. The legal restrictions generally include the requirement to maintain positive net assets and to be able to pay liabilities as they become due. Regulatory restrictions on dividends are described below.

### Dividend Restrictions on Platinum Holdings

There are no regulatory restrictions on retained earnings available for the payment of dividends by Platinum Holdings to its shareholders.

### Dividend Restrictions on Subsidiaries

The laws and regulations of Bermuda and the United States include certain restrictions on the amount of statutory capital and surplus that are available for the payment of dividends by Platinum Bermuda and Platinum US to their respective parent companies, Platinum Holdings and Platinum Finance, without the prior approval of the relevant regulatory authorities. The following table summarizes the dividend capacity of our reinsurance subsidiaries for 2013 (\$ in thousands):

	2013	For the Six Months Ended June 30, 2013	June 30, 2013
	Dividend Capacity	Paid	Remaining
Platinum Bermuda	\$318,343	\$162,500	\$155,843
Platinum US	30,779	-	30,779
<b>Total</b>	<b>\$349,122</b>	<b>\$162,500</b>	<b>\$186,622</b>

Subsequent to June 30, 2013, Platinum Bermuda declared and paid a dividend of \$100.0 million to Platinum Holdings.

There are no regulatory restrictions on retained earnings available for the payment of dividends by Platinum Finance to Platinum Regency or by Platinum Regency to Platinum Holdings.

8. Operating Segment Information

We have organized our worldwide reinsurance business into three operating segments: Property and Marine, Casualty and Finite Risk. In managing our operating segments, we use measures such as underwriting income or loss and related underwriting ratios to allow for a more complete understanding of the underlying business. Such measures are considered to be non-GAAP. These non-GAAP measures may be defined or calculated differently by other companies. These measures are used to monitor our results and should not be viewed as a substitute for those determined in accordance with U.S. GAAP.

Underwriting income or loss measures the performance of the Company's underwriting function and consists of net premiums earned less net losses and LAE and net underwriting expenses. Net underwriting expenses include net acquisition expenses and operating costs related to underwriting. Underwriting income or loss excludes revenues and expenses related to net investment income, net realized gains or losses on investments, net impairment losses on investments, corporate expenses not allocated to underwriting operations, interest expense, net foreign currency exchange gains and losses and other income and expense.

Underwriting ratios are calculated for net losses and LAE, net acquisition expense and net underwriting expense. The ratios are calculated by dividing the related expense by net earned premiums. The combined ratio is the sum of the net losses and LAE, net acquisition expense and net underwriting expense ratios. The Company believes that underwriting income or loss and ratios highlight the profitability of our reinsurance operations.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

The following table summarizes underwriting activity and ratios for the three operating segments, together with a reconciliation of segment underwriting income (loss) to the U.S. GAAP measure of income before income taxes for the three and six months ended June 30, 2013 and 2012 (\$ in thousands):

	Three Months Ended June 30, 2013							
	Property and Marine	Casualty	Finite Risk	Total				
Net premiums written	\$57,350	\$79,711	\$9,309	\$146,370				
Net premiums earned	58,832	75,629	8,472	142,933				
Net losses and loss adjustment expenses	21,292	35,358	6,017	62,667				
Net acquisition expenses	9,698	18,068	2,547	30,313				
Other underwriting expenses	7,414	5,670	327	13,411				
Segment underwriting income (loss)	\$20,428	\$16,533	\$(419 )	36,542				
Net investment income				17,808				
Net realized gains on investments				11,686				
Net impairment losses on investments				(1,516 )				
Other income (expense)				(315 )				
Corporate expenses not allocated to segments				(6,307 )				
Net foreign currency exchange (losses) gains				859				
Interest expense				(4,780 )				
Income before income taxes				\$53,977				
Underwriting ratios:								
Net loss and loss adjustment expense	36.2	%	46.8	%	71.0	%	43.8	%
Net acquisition expense	16.5	%	23.9	%	30.1	%	21.2	%
Other underwriting expense	12.6	%	7.5	%	3.9	%	9.4	%
Combined	65.3	%	78.2	%	105.0	%	74.4	%
	Three Months Ended June 30, 2012							
	Property and Marine	Casualty	Finite Risk	Total				
Net premiums written	\$61,695	\$72,678	\$7,086	\$141,459				
Net premiums earned	62,838	75,746	6,491	145,075				
Net losses and loss adjustment expenses	17,653	45,851	3,613	67,117				
Net acquisition expenses	8,721	18,487	2,992	30,200				
Other underwriting expenses	7,454	5,625	267	13,346				
Segment underwriting income (loss)	\$29,010	\$5,783	\$(381 )	34,412				
Net investment income				26,155				
Net realized gains on investments				24,978				
Net impairment losses on investments				(1,113 )				
Other income (expense)				(191 )				
Corporate expenses not allocated to segments				(6,350 )				

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Net foreign currency exchange (losses) gains	310
Interest expense	(4,774 )
Income before income taxes	\$73,427

Underwriting ratios:

Net loss and loss adjustment expense	28.1	%	60.5	%	55.7	%	46.3	%
Net acquisition expense	13.9	%	24.4	%	46.1	%	20.8	%
Other underwriting expense	11.9	%	7.4	%	4.1	%	9.2	%
Combined	53.9	%	92.3	%	105.9	%	76.3	%

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Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Six Months Ended June 30, 2013								
	Property and Marine	Casualty	Finite Risk	Total				
Net premiums written	\$ 116,777	\$ 150,555	\$ 13,803	\$ 281,135				
Net premiums earned	110,684	146,424	12,678	269,786				
Net losses and loss adjustment expenses	7,087	65,001	4,577	76,665				
Net acquisition expenses	17,925	34,317	8,290	60,532				
Other underwriting expenses	14,746	11,393	660	26,799				
Segment underwriting income (loss)	\$ 70,926	\$ 35,713	\$(849 )	105,790				
Net investment income				36,352				
Net realized gains on investments				25,004				
Net impairment losses on investments				(1,937 )				
Other income (expense)				1,077				
Corporate expenses not allocated to segments				(12,224 )				
Net foreign currency exchange (losses) gains				1,079				
Interest expense				(9,559 )				
Income before income taxes				\$ 145,582				
Underwriting ratios:								
Net loss and loss adjustment expense	6.4	%	44.4	%	36.1	%	28.4	%
Net acquisition expense	16.2	%	23.4	%	65.4	%	22.4	%
Other underwriting expense	13.3	%	7.8	%	5.2	%	9.9	%
Combined	35.9	%	75.6	%	106.7	%	60.7	%
Six Months Ended June 30, 2012								
	Property and Marine	Casualty	Finite Risk	Total				
Net premiums written	\$ 129,848	\$ 147,078	\$ 8,194	\$ 285,120				
Net premiums earned	124,166	151,512	7,609	283,287				
Net losses and loss adjustment expenses	58,590	86,887	836	146,313				
Net acquisition expenses	17,956	35,862	7,039	60,857				
Other underwriting expenses	14,289	10,661	458	25,408				
Segment underwriting income (loss)	\$ 33,331	\$ 18,102	\$(724 )	50,709				
Net investment income				54,707				
Net realized gains on investments				47,317				
Net impairment losses on investments				(2,183 )				
Other income (expense)				(670 )				
Corporate expenses not allocated to segments				(11,271 )				
Net foreign currency exchange (losses) gains				(222 )				
Interest expense				(9,546 )				
Income before income taxes				\$ 128,841				

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Underwriting ratios:

Net loss and loss adjustment expense	47.2	%	57.3	%	11.0	%	51.6	%
Net acquisition expense	14.5	%	23.7	%	92.5	%	21.5	%
Other underwriting expense	11.5	%	7.0	%	6.0	%	9.0	%
Combined	73.2	%	88.0	%	109.5	%	82.1	%

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Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

## 9. Earnings per Common Share

The following is a reconciliation of basic and diluted earnings per common share for the three and six months ended June 30, 2013 and 2012 (\$ and amounts in thousands, except per share data):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
<b>Earnings</b>				
<b>Basic and Diluted</b>				
Net income attributable to common shareholders	\$49,854	\$67,532	\$136,370	\$120,819
Portion allocated to participating common shareholders (1)	(113 )	(278 )	(304 )	(485 )
Net income allocated to common shareholders	\$49,741	\$67,254	\$136,066	\$120,334
<b>Common Shares</b>				
<b>Basic</b>				
Weighted average common shares outstanding	30,571	33,914	31,467	34,602
<b>Diluted</b>				
Weighted average common shares outstanding	30,571	33,914	31,467	34,602
<b>Effect of dilutive securities:</b>				
Common share options	155	142	191	139
Restricted share units	244	48	246	64
Adjusted weighted average common shares outstanding	30,970	34,104	31,904	34,805
<b>Earnings Per Common Share</b>				
Basic earnings per common share	\$1.63	\$1.98	\$4.32	\$3.48
Diluted earnings per common share	\$1.61	\$1.97	\$4.26	\$3.46

(1) Represents earnings attributable to holders of unvested restricted shares issued under the Company's share incentive plans that are considered to be participating securities.

## 10. Accumulated Other Comprehensive Income

Accumulated other comprehensive income in the consolidated balance sheets relates to unrealized gains and losses on available-for-sale securities, net of deferred taxes.

The following table reconciles the beginning and ending balances for accumulated other comprehensive income for the three and six months ended June 30, 2013 and 2012 (\$ in thousands):

	Three Months Ended June 30, 2013		
	Pre-tax	Tax	Net of tax
Balance, beginning of period	\$151,517	\$(20,414 )	\$131,103
Other comprehensive income (loss) on available-for-sale securities before reclassifications:			
Change in net unrealized gains and losses on securities with other-than-temporary impairments recorded	(200 )	-	(200 )

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Change in net unrealized gains and losses on all other securities	(64,027 )	6,963	(57,064 )
Total change in net unrealized gains and losses	(64,227 )	6,963	(57,264 )
Reclassifications to net income on available-for-sale securities:			
Net realized gains on investments	(12,968 )	1,980	(10,988 )
Net impairment losses on investments	1,516	-	1,516
Total reclassifications to net income	(11,452 )	1,980	(9,472 )
Other comprehensive income (loss)	(75,679 )	8,943	(66,736 )
Balance, end of period	\$75,838	\$(11,471 )	\$64,367

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Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

	Three Months Ended June 30, 2012		
	Pre-tax	Tax	Net of tax
Balance, beginning of period	\$ 162,310	\$(21,852 )	\$ 140,458
Other comprehensive income (loss) on available-for-sale securities before reclassifications:			
Change in net unrealized gains and losses on securities with other-than-temporary impairments recorded	(335 )	(13 )	(348 )
Change in net unrealized gains and losses on all other securities	34,280	(2,810 )	31,470
Total change in net unrealized gains and losses	33,945	(2,823 )	31,122
Reclassifications to net income on available-for-sale securities:			
Net realized gains on investments	(25,219 )	1,194	(24,025 )
Net impairment losses on investments	1,113	(106 )	1,007
Total reclassifications to net income	(24,106 )	1,088	(23,018 )
Other comprehensive income (loss)	9,839	(1,735 )	8,104
Balance, end of period	\$ 172,149	\$(23,587 )	\$ 148,562

	Six Months Ended June 30, 2013		
	Pre-tax	Tax	Net of tax
Balance, beginning of period	\$ 159,975	\$(22,285 )	\$ 137,690
Other comprehensive income (loss) on available-for-sale securities before reclassifications:			
Change in net unrealized gains and losses on securities with other-than-temporary impairments recorded	(614 )	11	(603 )
Change in net unrealized gains and losses on all other securities	(58,217 )	7,161	(51,056 )
Total change in net unrealized gains and losses	(58,831 )	7,172	(51,659 )
Reclassifications to net income on available-for-sale securities:			
Net realized gains on investments	(27,243 )	3,675	(23,568 )
Net impairment losses on investments	1,937	(33 )	1,904
Total reclassifications to net income	(25,306 )	3,642	(21,664 )
Other comprehensive income (loss)	(84,137 )	10,814	(73,323 )
Balance, end of period	\$ 75,838	\$(11,471 )	\$ 64,367

	Six Months Ended June 30, 2012		
	Pre-tax	Tax	Net of tax
Balance, beginning of period	\$ 168,861	\$(22,226 )	\$ 146,635
Other comprehensive income (loss) on available-for-sale securities before reclassifications:			
Change in net unrealized gains and losses on securities with other-than-temporary impairments recorded	(91 )	60	(31 )
Change in net unrealized gains and losses on all other securities	49,093	(2,943 )	46,150
Total change in net unrealized gains and losses	49,002	(2,883 )	46,119

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Reclassifications to net income on available-for-sale securities:			
Net realized gains on investments	(47,897 )	1,754	(46,143 )
Net impairment losses on investments	2,183	(232 )	1,951
Total reclassifications to net income	(45,714 )	1,522	(44,192 )
Other comprehensive income (loss)	3,288	(1,361 )	1,927
Balance, end of period	\$172,149	\$(23,587 )	\$148,562

The following table sets forth the amounts reclassified out of accumulated other comprehensive income and the location of those amounts in the consolidated statements of operations for the three and six months ended June 30, 2013 and 2012 (\$ in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenue:				
Net realized gains on investments	\$12,968	\$25,219	\$27,243	\$47,897
Net impairment losses on investments	(1,516 )	(1,113 )	(1,937 )	(2,183 )
Income tax expense	\$1,980	\$1,088	\$3,642	\$1,522

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

## 11. Condensed Consolidating Financial Information

Platinum Holdings fully and unconditionally guarantees the \$250.0 million of debt obligations issued by its 100%-owned subsidiary Platinum Finance.

The following tables present the condensed consolidating financial information for Platinum Holdings, Platinum Finance and the non-guarantor subsidiaries of Platinum Holdings as of June 30, 2013 and December 31, 2012 and for the three and six months ended June 30, 2013 and 2012 (\$ in thousands):

Condensed Consolidating Balance Sheet  
June 30, 2013

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries(1)	Consolidating Adjustments	Consolidated
<b>ASSETS</b>					
Total investments	\$-	\$143	\$ 1,998,203	\$ -	\$ 1,998,346
Investment in subsidiaries	1,730,076	651,801	548,878	(2,930,755 )	-
Cash and cash equivalents	8,058	146,834	1,454,569	-	1,609,461
Reinsurance assets	-	-	288,442	-	288,442
Other assets	14,934	1,765	134,954	-	151,653
Total assets	\$1,753,068	\$800,543	\$ 4,425,046	\$ (2,930,755 )	\$ 4,047,902
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Liabilities</b>					
Reinsurance liabilities	\$-	\$-	\$ 1,989,821	\$ -	\$ 1,989,821
Debt obligations	-	250,000	-	-	250,000
Other liabilities	6,522	1,665	53,348	-	61,535
Total liabilities	\$6,522	\$251,665	\$ 2,043,169	\$ -	\$ 2,301,356
<b>Shareholders' Equity</b>					
Common shares	\$293	\$-	\$ 8,000	\$ (8,000 )	\$ 293
Additional paid-in capital	3,817	214,514	2,022,600	(2,237,114 )	3,817
Accumulated other comprehensive income	64,367	21,302	85,664	(106,966 )	64,367
Retained earnings	1,678,069	313,062	265,613	(578,675 )	1,678,069
Total shareholders' equity	\$1,746,546	\$548,878	\$ 2,381,877	\$ (2,930,755 )	\$ 1,746,546
Total liabilities and shareholders' equity	\$1,753,068	\$800,543	\$ 4,425,046	\$ (2,930,755 )	\$ 4,047,902

(1) Amounts represent an aggregation of the non-guarantor subsidiaries and exclude consolidating adjustments.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Condensed Consolidating Balance Sheet  
December 31, 2012

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries(1)	Consolidating Adjustments	Consolidated
<b>ASSETS</b>					
Total investments	\$-	\$181	\$ 2,227,118	\$ -	\$ 2,227,299
Investment in subsidiaries	1,821,818	636,814	540,354	(2,998,986 )	-
Cash and cash equivalents	70,604	152,122	1,497,669	-	1,720,395
Reinsurance assets	-	-	277,279	-	277,279
Other assets	8,997	2,884	96,449	-	108,330
Total assets	\$1,901,419	\$792,001	\$ 4,638,869	\$ (2,998,986 )	\$ 4,333,303
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Liabilities</b>					
Reinsurance liabilities	\$-	\$-	\$ 2,140,241	\$ -	\$ 2,140,241
Debt obligations	-	250,000	-	-	250,000
Other liabilities	6,885	1,647	39,996	-	48,528
Total liabilities	\$6,885	\$251,647	\$ 2,180,237	\$ -	\$ 2,438,769
<b>Shareholders' Equity</b>					
Common shares	\$327	\$-	\$ 8,000	\$ (8,000 )	\$ 327
Additional paid-in capital	209,897	213,736	2,021,045	(2,234,781 )	209,897
Accumulated other comprehensive income	137,690	41,386	179,071	(220,457 )	137,690
Retained earnings	1,546,620	285,232	250,516	(535,748 )	1,546,620
Total shareholders' equity	\$1,894,534	\$540,354	\$ 2,458,632	\$ (2,998,986 )	\$ 1,894,534
Total liabilities and shareholders' equity	\$1,901,419	\$792,001	\$ 4,638,869	\$ (2,998,986 )	\$ 4,333,303

(1) Amounts represent an aggregation of the non-guarantor subsidiaries and exclude consolidating adjustments.



Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Condensed Consolidating Statement of Operations  
For the Three Months Ended June 30, 2013

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries(1)	Consolidating Adjustments	Consolidated
<b>Revenue:</b>					
Net premiums earned	\$-	\$-	\$ 142,933	\$ -	\$ 142,933
Net investment income (expense)	9	(8 )	17,807	-	17,808
Net realized gains on investments	-	-	11,686	-	11,686
Net impairment losses on investments	-	-	(1,516 )	-	(1,516 )
Other income (expense)	716	-	(1,031 )	-	(315 )
Total revenue	725	(8 )	169,879	-	170,596
<b>Expenses:</b>					
Net losses and loss adjustment expenses	-	-	62,667	-	62,667
Net acquisition expenses	-	-	30,313	-	30,313
Operating expenses	6,175	39	13,504	-	19,718
Net foreign currency exchange losses (gains)	-	-	(859 )	-	(859 )
Interest expense	-	4,780	-	-	4,780
Total expenses	6,175	4,819	105,625	-	116,619
Income (loss) before income taxes	(5,450 )	(4,827 )	64,254	-	53,977
Income tax expense (benefit)	-	(1,608 )	5,731	-	4,123
Income (loss) before equity in earnings of subsidiaries	(5,450 )	(3,219 )	58,523	-	49,854
Equity in earnings of subsidiaries	55,304	11,363	8,144	(74,811 )	-
Net income	\$49,854	\$8,144	\$ 66,667	\$ (74,811 )	\$ 49,854

(1) Amounts represent an aggregation of the non-guarantor subsidiaries and exclude consolidating adjustments.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Condensed Consolidating Statement of Operations  
For the Three Months Ended June 30, 2012

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries(1)	Consolidating Adjustments	Consolidated
<b>Revenue:</b>					
Net premiums earned	\$-	\$-	\$ 145,075	\$ -	\$ 145,075
Net investment income (expense)	2	12	26,141	-	26,155
Net realized gains on investments	-	-	24,978	-	24,978
Net impairment losses on investments	-	-	(1,113 )	-	(1,113 )
Other income (expense)	991	-	(1,182 )	-	(191 )
Total revenue	993	12	193,899	-	194,904
<b>Expenses:</b>					
Net losses and loss adjustment expenses	-	-	67,117	-	67,117
Net acquisition expenses	-	-	30,200	-	30,200
Operating expenses	5,834	67	13,795	-	19,696
Net foreign currency exchange losses (gains)	-	-	(310 )	-	(310 )
Interest expense	-	4,774	-	-	4,774
Total expenses	5,834	4,841	110,802	-	121,477
Income (loss) before income taxes	(4,841 )	(4,829 )	83,097	-	73,427
Income tax expense (benefit)	-	(1,627 )	7,522	-	5,895
Income (loss) before equity in earnings of subsidiaries	(4,841 )	(3,202 )	75,575	-	67,532
Equity in earnings of subsidiaries	72,373	15,004	11,802	(99,179 )	-
Net income	\$67,532	\$11,802	\$ 87,377	\$ (99,179 )	\$ 67,532

(1) Amounts represent an aggregation of the non-guarantor subsidiaries and exclude consolidating adjustments.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Condensed Consolidating Statement of Operations  
For the Six Months Ended June 30, 2013

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries(1)	Consolidating Adjustments	Consolidated
<b>Revenue:</b>					
Net premiums earned	\$-	\$-	\$ 269,786	\$ -	\$ 269,786
Net investment income (expense)	22	(30 )	36,360	-	36,352
Net realized gains on investments	-	-	25,004	-	25,004
Net impairment losses on investments	-	-	(1,937 )	-	(1,937 )
Other income (expense)	4,845	4	(3,772 )	-	1,077
Total revenue	4,867	(26 )	325,441	-	330,282
<b>Expenses:</b>					
Net losses and loss adjustment expenses	-	-	76,665	-	76,665
Net acquisition expenses	-	-	60,532	-	60,532
Operating expenses	11,801	73	27,149	-	39,023
Net foreign currency exchange losses (gains)	-	-	(1,079 )	-	(1,079 )
Interest expense	-	9,559	-	-	9,559
Total expenses	11,801	9,632	163,267	-	184,700
Income (loss) before income taxes	(6,934 )	(9,658 )	162,174	-	145,582
Income tax expense (benefit)	-	(3,196 )	12,408	-	9,212
Income (loss) before equity in earnings of subsidiaries	(6,934 )	(6,462 )	149,766	-	136,370
Equity in earnings of subsidiaries	143,304	34,293	27,831	(205,428 )	-
Net income	\$ 136,370	\$ 27,831	\$ 177,597	\$ (205,428 )	\$ 136,370

(1) Amounts represent an aggregation of the non-guarantor subsidiaries and exclude consolidating adjustments.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Condensed Consolidating Statement of Operations  
For the Six Months Ended June 30, 2012

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries(1)	Consolidating Adjustments	Consolidated
<b>Revenue:</b>					
Net premiums earned	\$-	\$-	\$ 283,287	\$ -	\$ 283,287
Net investment income (expense)	3	(7 )	54,711	-	54,707
Net realized gains on investments	-	-	47,317	-	47,317
Net impairment losses on investments	-	-	(2,183 )	-	(2,183 )
Other income (expense)	2,187	1	(2,858 )	-	(670 )
Total revenue	2,190	(6 )	380,274	-	382,458
<b>Expenses:</b>					
Net losses and loss adjustment expenses	-	-	146,313	-	146,313
Net acquisition expenses	-	-	60,857	-	60,857
Operating expenses	10,775	133	25,771	-	36,679
Net foreign currency exchange losses (gains)	-	-	222	-	222
Interest expense	-	9,546	-	-	9,546
Total expenses	10,775	9,679	233,163	-	253,617
Income (loss) before income taxes	(8,585 )	(9,685 )	147,111	-	128,841
Income tax expense (benefit)	-	(3,265 )	11,287	-	8,022
Income (loss) before equity in earnings of subsidiaries	(8,585 )	(6,420 )	135,824	-	120,819
Equity in earnings of subsidiaries	129,404	31,941	25,521	(186,866 )	-
Net income	\$120,819	\$25,521	\$ 161,345	\$ (186,866 )	\$ 120,819

(1) Amounts represent an aggregation of the non-guarantor subsidiaries and exclude consolidating adjustments.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Condensed Consolidating Statement of Comprehensive Income (Loss)  
For the Three Months Ended June 30, 2013

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries(1)	Consolidating Adjustments	Consolidated
Net income	\$49,854	\$8,144	\$ 66,667	\$ (74,811 )	\$ 49,854
Other comprehensive income (loss) on available-for-sale securities before reclassifications:					
Change in net unrealized gains and losses on securities with other-than-temporary impairments recorded	-	-	(200 )	-	(200 )
Change in net unrealized gains and losses on all other securities	-	(2 )	(64,025 )	-	(64,027 )
Total change in net unrealized gains and losses	-	(2 )	(64,225 )	-	(64,227 )
Reclassifications to net income on available-for-sale securities:					
Net realized gains on investments	-	-	(12,968 )	-	(12,968 )
Net impairment losses on investments	-	-	1,516	-	1,516
Total reclassifications to net income	-	-	(11,452 )	-	(11,452 )
Other comprehensive income (loss) before income taxes	-	(2 )	(75,677 )	-	(75,679 )
Income tax benefit (expense)	-	2	8,941	-	8,943
Other comprehensive income (loss)	-	-	(66,736 )	-	(66,736 )
Other comprehensive income (loss) due to change in accumulated other comprehensive income (loss) of subsidiaries	(66,736 )	(16,610 )	(16,610 )	99,956	-
Comprehensive income (loss)	\$(16,882 )	\$(8,466 )	\$ (16,679 )	\$ 25,145	\$ (16,882 )

(1) Amounts represent an aggregation of the non-guarantor subsidiaries and exclude consolidating adjustments.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Condensed Consolidating Statement of Comprehensive Income (Loss)  
For the Three Months Ended June 30, 2012

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries(1)	Consolidating Adjustments	Consolidated
Net income	\$67,532	\$11,802	\$ 87,377	\$ (99,179 )	\$ 67,532
Other comprehensive income (loss) on available-for-sale securities before reclassifications:					
Change in net unrealized gains and losses on securities with other-than-temporary impairments recorded	-	-	(335 )	-	(335 )
Change in net unrealized gains and losses on all other securities	-	(1 )	34,281	-	34,280
Total change in net unrealized gains and losses	-	(1 )	33,946	-	33,945
Reclassifications to net income on available-for-sale securities:					
Net realized gains on investments	-	-	(25,219 )	-	(25,219 )
Net impairment losses on investments	-	-	1,113	-	1,113
Total reclassifications to net income	-	-	(24,106 )	-	(24,106 )
Other comprehensive income (loss) before income taxes	-	(1 )	9,840	-	9,839
Income tax benefit (expense)	-	1	(1,736 )	-	(1,735 )
Other comprehensive income (loss)	-	-	8,104	-	8,104
Other comprehensive income (loss) due to change in accumulated other comprehensive income (loss) of subsidiaries	8,104	3,221	3,222	(14,547 )	-
Comprehensive income (loss)	\$75,636	\$15,023	\$ 98,703	\$ (113,726 )	\$ 75,636

(1) Amounts represent an aggregation of the non-guarantor subsidiaries and exclude consolidating adjustments.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Condensed Consolidating Statement of Comprehensive Income (Loss)  
For the Six Months Ended June 30, 2013

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries(1)	Consolidating Adjustments	Consolidated
Net income	\$ 136,370	\$ 27,831	\$ 177,597	\$ (205,428 )	\$ 136,370
Other comprehensive income (loss) on available-for-sale securities before reclassifications:					
Change in net unrealized gains and losses on securities with other-than-temporary impairments recorded	-	-	(614 )	-	(614 )
Change in net unrealized gains and losses on all other securities	-	(2 )	(58,215 )	-	(58,217 )
Total change in net unrealized gains and losses	-	(2 )	(58,829 )	-	(58,831 )
Reclassifications to net income on available-for-sale securities:					
Net realized gains on investments	-	-	(27,243 )	-	(27,243 )
Net impairment losses on investments	-	-	1,937	-	1,937
Total reclassifications to net income	-	-	(25,306 )	-	(25,306 )
Other comprehensive income (loss) before income taxes	-	(2 )	(84,135 )	-	(84,137 )
Income tax benefit (expense)	-	2	10,812	-	10,814
Other comprehensive income (loss)	-	-	(73,323 )	-	(73,323 )
Other comprehensive income (loss) due to change in accumulated other comprehensive income (loss) of subsidiaries	(73,323 )	(20,084 )	(20,084 )	113,491	-
Comprehensive income (loss)	\$ 63,047	\$ 7,747	\$ 84,190	\$ (91,937 )	\$ 63,047

(1) Amounts represent an aggregation of the non-guarantor subsidiaries and exclude consolidating adjustments.

Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Condensed Consolidating Statement of Comprehensive Income (Loss)  
For the Six Months Ended June 30, 2012

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries(1)	Consolidating Adjustments	Consolidated
Net income	\$120,819	\$ 25,521	\$ 161,345	\$ (186,866 )	\$ 120,819
Other comprehensive income (loss) on available-for-sale securities before reclassifications:					
Change in net unrealized gains and losses on securities with other-than-temporary impairments recorded	-	-	(91 )	-	(91 )
Change in net unrealized gains and losses on all other securities	-	(1 )	49,094	-	49,093
Total change in net unrealized gains and losses	-	(1 )	49,003	-	49,002
Reclassifications to net income on available-for-sale securities:					
Net realized gains on investments	-	-	(47,897 )	-	(47,897 )
Net impairment losses on investments	-	-	2,183	-	2,183
Total reclassifications to net income	-	-	(45,714 )	-	(45,714 )
Other comprehensive income (loss) before income taxes	-	(1 )	3,289	-	3,288
Income tax benefit (expense)	-	1	(1,362 )	-	(1,361 )
Other comprehensive income (loss)	-	-	1,927	-	1,927
Other comprehensive income (loss) due to change in accumulated other comprehensive income (loss) of subsidiaries	1,927	2,527	2,527	(6,981 )	-
Comprehensive income (loss)	\$122,746	\$ 28,048	\$ 165,799	\$ (193,847 )	\$ 122,746

(1) Amounts represent an aggregation of the non-guarantor subsidiaries and exclude consolidating adjustments.



Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Condensed Consolidating Statement of Cash Flows  
For the Six Months Ended June 30, 2013

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net cash provided by (used in) operating activities	\$ (9,845 )	\$ (5,324 )	\$ (33,944 )	\$ -	\$ (49,113 )
<b>Investing Activities:</b>					
<b>Proceeds from the sales of:</b>					
Fixed maturity available-for-sale securities	-	-	203,571	-	203,571
Short-term investments	-	-	11,857	-	11,857
<b>Proceeds from the maturities or paydowns of:</b>					
Fixed maturity available-for-sale securities	-	36	93,039	-	93,075
Short-term investments	-	-	176,568	-	176,568
<b>Acquisitions of:</b>					
Fixed maturity available-for-sale securities	-	-	(218,111 )	-	(218,111 )
Short-term investments	-	-	(97,705 )	-	(97,705 )
Dividends from subsidiaries	162,500	-	-	(162,500 )	-
Acquisitions of furniture, equipment and other assets	(191 )	-	(3,614 )	-	(3,805 )
Net cash provided by (used in) investing activities	162,309	36	165,605	(162,500 )	165,450
<b>Financing Activities:</b>					
Dividends paid to common shareholders	(4,921 )	-	(162,500 )	162,500	(4,921 )
Repurchase of common shares	(224,233 )	-	-	-	(224,233 )
Proceeds from exercise of common share options	14,144	-	-	-	14,144
Net cash provided by (used in) financing activities	(215,010 )	-	(162,500 )	162,500	(215,010 )
Effect of foreign currency exchange rate changes on cash	-	-	(12,261 )	-	(12,261 )
Net increase (decrease) in cash and cash equivalents	(62,546 )	(5,288 )	(43,100 )	-	(110,934 )
Cash and cash equivalents at beginning of period	70,604	152,122	1,497,669	-	1,720,395
Cash and cash equivalents at end of period	\$ 8,058	\$ 146,834	\$ 1,454,569	\$ -	\$ 1,609,461



Platinum Underwriters Holdings, Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements (Unaudited), continued  
For the Three and Six Months Ended June 30, 2013 and 2012

Condensed Consolidating Statement of Cash Flows  
For the Six Months Ended June 30, 2012

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net cash provided by (used in) operating activities	\$ (5,698 )	\$ (5,161 )	\$ (48,326 )	\$ -	\$ (59,185 )
<b>Investing Activities:</b>					
<b>Proceeds from the sales of:</b>					
Fixed maturity available-for-sale securities	-	-	395,269	-	395,269
Short-term investments	-	-	20,597	-	20,597
<b>Proceeds from the maturities or paydowns of:</b>					
Fixed maturity available-for-sale securities	-	40	179,728	-	179,768
Short-term investments	-	-	-	-	-