

Flagstone Reinsurance Holdings Ltd
Form 10-Q
May 05, 2010

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 March 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 001-33364

Flagstone Reinsurance Holdings Limited
(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

98-0481623
(I.R.S. Employer
Identification No.)

Crawford House
23 Church Street
Hamilton HM 11
Bermuda
(Address of principal executive offices)

(441) 278-4300
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:
Common Shares, par value 1 cent per share
Name of exchange on which registered:

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New York Stock Exchange
Bermuda Stock Exchange

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

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of “accelerated filer”, “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

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

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

Yes No

As of May 5, 2010 the Registrant had 80,001,073 common voting shares outstanding, net of treasury shares with a par value of \$0.01 per share.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FLAGSTONE REINSURANCE HOLDINGS LIMITED
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Expressed in thousands of U.S. dollars, except share data)

	As at March 31, 2010 (Unaudited)	As at December 31, 2009
ASSETS		
Investments:		
Fixed maturities, at fair value (Amortized cost: 2010 - \$1,178,266 ; 2009 - \$1,198,187)	\$ 1,199,577	\$ 1,228,561
Short term investments, at fair value (Amortized cost: 2010 - \$313,415; 2009 - \$231,609)	310,061	232,434
Equity investments, at fair value (Cost: 2010 - \$8,017; 2009 - \$8,516)	212	290
Other investments	56,395	45,934
Total investments	1,566,245	1,507,219
Cash and cash equivalents	412,441	352,185
Restricted cash	24,293	85,916
Premium balances receivable	386,831	278,956
Unearned premiums ceded	83,125	52,690
Reinsurance recoverable	22,213	19,270
Accrued interest receivable	9,475	11,223
Receivable for investments sold	41,104	5,160
Deferred acquisition costs	66,057	54,637
Funds withheld	23,934	22,168
Goodwill	16,295	16,533
Intangible assets	33,528	35,790
Other assets	131,878	125,021
Total assets	\$ 2,817,419	\$ 2,566,768
LIABILITIES		
Loss and loss adjustment expense reserves	\$ 540,528	\$ 480,660
Unearned premiums	466,022	330,416
Insurance and reinsurance balances payable	72,883	62,864
Payable for investments purchased	68,520	11,457
Long term debt	251,309	252,402
Other liabilities	49,710	63,155
Total liabilities	1,448,972	1,200,954
EQUITY		
Common voting shares, 300,000,000 authorized, \$0.01 par value, issued and outstanding (2010 - 80,001,073; 2009 - 82,985,219)	850	850

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Common shares held in treasury, at cost (2010 - 4,984,146; 2009 - 2,000,000)	(50)	(20)
Additional paid-in capital	864,708	892,817
Accumulated other comprehensive loss	(10,173)	(6,976)
Retained earnings	352,266	324,347
Total Flagstone shareholders' equity	1,207,601	1,211,018
Noncontrolling interest in subsidiaries	160,846	154,796
Total equity	1,368,447	1,365,814
Total liabilities and equity	\$ 2,817,419	\$ 2,566,768

The accompanying notes to the unaudited condensed consolidated financial statements are an integral part of the unaudited condensed consolidated financial statements.

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FLAGSTONE REINSURANCE HOLDINGS LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME

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

	For the three months ended March 31,	
	2010	2009
REVENUES		
Gross premiums written	\$400,202	\$361,485
Premiums ceded	(76,421)	(75,669)
Net premiums written		