

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE (LOSS) INCOME FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

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In thousands of U.S.\$

(except share and per share amounts)

	2008	2007	2006
REVENUES			
Gross premiums written	\$ 2,246,420	\$ 1,781,115	\$ 1,789,642
Ceded premiums written	(462,130)	(206,140)	(204,078)
Net premiums written	\$ 1,784,290	\$ 1,574,975	\$ 1,585,564
Change in unearned premiums	(17,805)	19,825	53,010
Net premiums earned (includes Nil, Nil, and \$34,927 from related parties in 2008, 2007 and 2006, respectively)	1,766,485	1,594,800	1,638,574
Net investment income	130,176	281,276	257,449
Net realized investment losses	(57,366)	(18,302)	(20,342)
Other underwriting (loss) income	(3,973)	1,602	1,390
Total revenues	1,835,322	1,859,376	1,877,071
EXPENSES			
Net losses and loss expenses (includes Nil, Nil, \$20,145, from related parties in 2008, 2007 and 2006, respectively)	1,135,431	749,081	827,630
Acquisition expenses (includes Nil, Nil, and \$11,238, from related parties in 2008, 2007 and 2006, respectively)	299,913	307,576	317,489
General and administrative expenses	216,365	217,269	190,373
Amortization of intangibles	10,675	5,286	4,600
Net foreign exchange losses (gains)	53,704	7,970	(21,021)
Interest expense	30,171	30,125	30,041
Total expenses	1,746,259	1,137,307	1,349,112
Income before income taxes	89,063	542,069	527,959
Income tax benefit (expense)	9,561	(20,962)	(29,833)
Net income (loss)	98,624	521,107	498,126
Preferred dividends	(15,500)	(15,500)	(15,500)
Net income available to common shareholders	83,124	505,607	482,626
Other comprehensive (loss) income			
Net income	\$ 98,624	\$ 521,107	\$ 498,126
Net unrealized holding (losses) gains on investments arising during the period (net of applicable deferred income taxes in 2008 — (\$12,252); 2007 — (\$10,014); and 2006 — \$3,620)	(218,816)	49,257	(20,235)
Reclassification adjustment for net realized losses included in net income	57,366	18,302	20,342
Foreign currency translation adjustments	(29,030)	4,541	5,010
Reclassification adjustment for net loss on derivatives designated as cash flow hedge included in net income	90	90	90
Other comprehensive (loss) income	(190,390)	72,190	5,207
Comprehensive (loss) income	\$ (91,766)	\$ 593,297	\$ 503,333
PER SHARE DATA			
Weighted average number of common and common equivalent shares outstanding:			
Basic	57,755,959	64,696,669	66,435,712
Diluted	62,795,085	70,539,647	71,755,303
Basic earnings per common share	\$ 1.44	\$ 7.82	\$ 7.26
Diluted earnings per common share	\$ 1.32	\$ 7.17	\$ 6.73

The financial information presented in this report should be reviewed in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed with the Securities and Exchange Commission.