UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2005

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
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
PartnerRe Capital Trust I 7.9% Trust Originated Preferred Securities, $1.00 par value	New York Stock Exchange

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

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x 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 x

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 x 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 or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer x Accelerated Filer ¨ Non-Accelerated Filer ¨

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 aggregate market value of the voting stock held by non-affiliates of the Registrant as of most recently completed second fiscal quarter (June 30, 2005), was $3,515,730,261 based on the closing sales price of the Registrant s common shares of $64.42 on that date.

The number of the Registrant s common shares (par value $1.00 per share) outstanding as of February 22, 2006 was 56,731,270.

Documents Incorporated by Reference:

Document	Part(s) Into Which Incorporated
None	N/A

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EXPLANATORY NOTE

The purpose of this Amendment No. 1 to PartnerRe s Annual Report on Form 10-K for the year ended December 31, 2005 is to respond to comments received from the Securities and Exchange Commission.

Specifically, the Company has revised the following items:

- Added enhanced disclosure in Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operation Critical Accounting Policies and Estimates. In Item 8 Financial Statements and Supplementary Data, the Consolidated Balance Sheets have been revised to replace the total for investments and cash with a total for investments, which has no effect on the overall total assets of the Company, in addition the Company has included enhanced disclosure in Note 2, Significant Accounting Policies,

- Restated the financial statements to include Note 20, Summarized Financial Information for PartnerRe s investment in ChannelRe Holdings Ltd.,

- Updated their conclusions on disclosure controls and procedures in Item 9A. Controls and Procedures, and

- Amended Item 15 Exhibits and Financial Statement Schedules to include as an Exhibit to the Financial Statements, the unaudited financial statements of Channel Re Holdings Ltd. for the year ended December 31, 2005 and for the period from February 12, 2004 (date of inception) to December 31, 2004.

All other Items of the 2005 Annual Report on Form 10-K are unaffected by the changes described above and there is no impact on the revenues, net income, total assets, equity and book value of the Company for any period. Information in this 2005 Annual Report on Form 10-K/A is stated as of December 31, 2005 and does not reflect any subsequent information or events.

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PART I

ITEM 1. BUSINESS

General

PartnerRe Ltd. (the Company or PartnerRe), incorporated in Bermuda on August 24, 1993, is an international reinsurance group. The Company provides reinsurance on a worldwide basis through its wholly owned subsidiaries, Partner Reinsurance Company Ltd. (Partner Reinsurance), PartnerRe SA 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, special risk, other lines and life/annuity 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 multi-line 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 Partner Re SA), a well-established global professional reinsurer based in Paris, and in December 1998, the Company completed the acquisition of the reinsurance operations of Winterthur Re, further enhancing the Company s expansion strategy. In August 2000, the Company concluded the sale of PartnerRe Life Insurance Company of the U.S., and its subsidiaries (collectively, PartnerRe Life U.S.) to SCOR Group.

In late 2004, the Company formed two operating subsidiaries in Ireland, Partner Reinsurance Ireland Limited (Partner Reinsurance Ireland) and PartnerRe Ireland Insurance Limited (PartnerRe Ireland Insurance). Both companies became operational in 2005.

Business Strategy

The Company views its business as the assumption and management of risk in the reinsurance industry. Its strategy is focused on seeking to ensure that the Company reaches its goals for appropriate profitability. Operating Return on Equity is one of the principal metrics used by Management to measure the Company s financial results, and consequently the Company has set a goal of 13% Operating Return on Equity over a reinsurance cycle. Operating Return on Equity is obtained by dividing operating earnings by the net book value of the common shareholders equity at the beginning of the year. Operating earnings are obtained by subtracting net realized investment gains or losses (net of tax) from net income available to common shareholders. Net income available to common shareholders is defined as net income less preferred share dividends. The net book value of the common shareholders equity is obtained by subtracting the aggregate liquidation value of the preferred shares from total shareholders equity.

The Company has adopted the following five-point strategy:

Diversify risk across products and geographies: PartnerRe writes most lines of business in 150 countries worldwide. The Company s geographic spread of premiums mirrors that of the global reinsurance 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. The reinsurance business is cyclical, but cycles by line of business and by geography are not synchronized. This diversification strategy positions the Company to take advantage of attractive markets anywhere in the world.

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Maintain risk appetite moderately above the market: PartnerRe is in the business of assuming risk for an adequate return. The Company s products address accumulation risks, complex coverage issues and large exposures faced by clients. The Company s willingness and ability to provide these coverages 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 in the near term. 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, workers compensation and employers liability, which have historically provided modestly lower levels of returns.

Actively manage capital across the portfolio and 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 to return to the shareholders. To achieve effective and efficient capital allocation, the Company has an intense focus on operating return on 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.

Add value through underwriting and transactional excellence: Underwriting and transactional excellence are 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 this strategy. Equally as 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.

Reinsurance Operations

General

The Company provides reinsurance, which is a specialized service and risk management solution, for its clients in 150 countries around the world. Through its subsidiaries, the Company provides reinsurance of non-life and life risks of ceding companies (primary insurers, cedants or reinsureds) through treaties or on a facultative basis, on either a proportional or non-proportional basis. The Company s offices are located in Bermuda, Dublin, Greenwich (Connecticut), Hong Kong, Mexico City, Paris, Santiago, Seoul, Singapore, Tokyo, Toronto 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 and losses of the reinsured. 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. In return, the reinsurer assumes a proportional share of the losses incurred by the cedant.

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

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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 underwriting operations in three segments, Non-life, ART (Alternative Risk Transfer) and Life. The Non-life segment is further divided into three sub-segments, U.S. Property and Casualty (U.S. P&C), Global (Non-U.S.) Property and Casualty (Global (Non-U.S). P&C) and Worldwide Specialty. 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. Together, the Non-life and ART segments represent all of the Company s non-life business.

The U.S. P&C sub-segment includes property, casualty and motor risks generally originating in the United States and written by PartnerRe U.S.

The Global (Non-U.S.) P&C sub-segment includes property, casualty and motor risks generally originating outside of the United States, written by Partner Reinsurance and PartnerRe SA.

The Worldwide 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, inasmuch as appropriate risk management for these lines requires a globally diversified portfolio of risks. 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, catastrophe, credit/surety, engineering/energy, marine, special risk and other lines.

The ART segment includes structured risk reinsurance, structured finance and weather-related products, and since the second quarter of 2004, includes the results of the Company s investment in Channel Re, a non-publicly traded financial guarantee reinsurer based in Bermuda.

The Life segment includes life, health and annuity lines of business.

Following is a description of specific lines of business written by the Company:

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 predominantly on a treaty proportional basis. Property reinsurance contracts are generally all risk in nature. 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.

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.

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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.

Agriculture The Company reinsures, primarily on a proportional basis, risks such as flood, drought, hail and disease related to crops, livestock and aquaculture.

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

Catastrophe The Company provides property catastrophe reinsurance protection, written primarily on a non-proportional basis, against the accumulation of losses caused by windstorm, earthquake, 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.

Engineering/Energy The Company provides reinsurance for engineering projects throughout the world predominantly on a proportional and facultative basis through treaty and facultative arrangements and provides coverage for the onshore oil and gas industry, mining, power generation and pharmaceutical operations.

Marine The Company provides reinsurance protection and technical services relating to marine hull, cargo, transit and offshore oil and gas operations on a proportional and non-proportional basis.

Special Risk The Company provides specialized reinsurance protection for non-U.S. property and 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 and facultative basis.

ART The Company supplies (re)insurance and other financial products that provide various types of property and casualty, weather and credit protection to clients. These products include structured reinsurance of property and casualty risks, weather derivatives and total return swaps referencing asset backed securities. Clients for these products include insurance companies, financial institutions and industrial companies. When this protection is in the form of reinsurance, the contracts may be written on either a proportional, non-proportional or facultative basis. The Company also has exposure to financial guaranty reinsurance through its investment in Channel Re.

Life/Annuity and Health Life treaties provide reinsurance coverage to primary life insurers and pension funds with respect to individual and group life and health risks. Annuity 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. Life business is written on both a proportional and non-proportional basis, primarily through treaty arrangements.

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

During the year ended December 31, 2005, the Company had one broker relationship that was the source for 10% or more of its gross premiums written. Aon Group accounted for approximately $580 million, or 16% of

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total gross premiums written, which represented 21% of the gross premiums written in the U.S. P &C sub-segment, 16% of the gross premiums written in the Global (Non-U.S.) P&C sub-segment, 13% of the gross premiums written in the Worldwide Specialty sub-segment, 32% of the gross premiums written in the ART segment and 14% of the gross premiums written in the Life segment.

The Company s business is geographically diversified with premiums being written in 150 countries. See Note 18 to Consolidated Financial Statements in Item 8 of Part II of this report, for additional disclosure of the geographic distribution of gross premiums and financial information about segments and sub-segments.

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 achievability of 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, 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 such that it seeks to provide value to its clients, and adequate risk-adjusted returns to its shareholders, but that does not overexpose the Company to any one or series of related risks. Other than 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 modeling 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 Group Internal Audit periodically tests these controls to ensure ongoing compliance.

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 have developed close working relationships with their ceding company counterparts through regular visits, gathering detailed information about the cedant s business and about 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 by geographic area and by types and classes of business, and (iv) to a certain 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 windstorm, flood or earthquake, or another catastrophe. 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 including the catastrophe business. The Company reinsures a portion of the risks it underwrites in an effort to control its exposure to losses and to mitigate the effect of any single major event or the frequency of medium-sized claims. See Retrocessions.

Retrocessions

The Company uses retrocessional agreements to a limited extent to reduce its exposure on certain specialty reinsurance risks assumed. These agreements provide for recovery of a portion of losses and loss expenses from retrocessionaires. The Company also utilizes retrocessions in the life reinsurance area to manage the amount of per-event and per-life risks to which it is exposed.

The Company remains liable to its cedants to the extent 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. Reinsurance losses recoverable (from retrocessionaires) are reported after allowances for uncollectible amounts. The Company holds collateral, including escrow funds, securities and letters of credit, under certain retrocessional agreements. Retrocessionaires are selected based on their financial condition and business practices, with stability, solvency and credit agency ratings being important criteria. Provisions are made for amounts considered potentially uncollectible. At December 31, 2005, the Company had $218 million of reinsurance recoverables under such arrangements and had established an allowance for uncollectible reinsurance balances recoverable of $14 million, which represented less than 7% of the balances.

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 processing to the ceding company.

Within the Company s claims department, there is a special unit that provides central supervision and management of certain long-tail liability claims, including those related to environmental and similar exposures. See Reserves Asbestos, Environmental and Other Exposures.

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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 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.

Significant periods of time may elapse between the occurrence of an insured loss, the reporting of the loss to the ceding company and the reinsurer and the ceding company s payment of that loss and subsequent payments to the ceding company by the reinsurer.

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.

The liability for unpaid losses and loss expenses for non-life business includes amounts determined from loss reports on individual cases as reported by ceding companies, additional case reserves when the Company s loss estimate is higher than that reported by ceding companies, and amounts for losses incurred but not reported (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 actuarially 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, for which any adjustments will be reflected in the periods in which they become known.

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 best actuarial estimates of mortality, morbidity, persistency and future investment income, with appropriate provision to reflect uncertainty. Future policy benefit reserves for annuity and universal life products are carried at their accumulated values. Reserves for policy claims and benefits include both mortality and morbidity claims in the process of settlement and claims that have been incurred but not yet reported. Interest rate assumptions used to estimate liabilities for policy benefits for life and annuity contracts range from 1.5% to 5.5%. Actual experience in a particular period may vary from assumed experience and, consequently, may affect the Company s operating results in future periods.

Note 4 to Consolidated Financial Statements in Item 8 of Part II of this report provides a reconciliation of beginning and end of year balances of unpaid losses and loss expenses for non-life business for the years ended December 31, 2005, 2004 and 2003. See Critical Accounting Policies in Item 7 of Part II of this report for a discussion of the Company s reserving process.

Changes in Reserves

The following table shows the development of net reserves for unpaid losses and loss expenses for non-life business. The table begins by showing the initial year-end gross and net reserves, including IBNR, recorded at

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the balance sheet date for each of the ten years presented. For years prior to 1997, the Company s gross and net reserves were equal as no retrocessional protection was purchased. The next section of the table shows the re-estimated amount of the initial net 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 net reserves and the currently re-estimated net liabilities. 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 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

(in thousands of U.S. dollars)

	1995	1996	1997(1)	1998(2)	1999	2000	2001	2002	2003	2004	2005
Gross liability for unpaid losses and loss expenses	$ 68,426	$ 59,866	$ 1,098,527	$ 2,649,380	$ 2,616,556	$ 2,386,032	$ 3,005,628	$ 3,658,416	$ 4,755,059	$ 5,766,629	$ 6,737,661
Retroceded liability for unpaid losses and loss expenses			126,112	257,398	205,982	203,180	214,891	217,777	175,685	153,018	185,280
Net liability for unpaid losses and loss expenses	**$ 68,426**	**$ 59,866**	**$ 972,415**	**$ 2,391,982**	**$ 2,410,574**	**$ 2,182,852**	**$ 2,790,737**	**$ 3,440,639**	**$ 4,579,374**	**$ 5,613,611**	**$ 6,552,381**
Net liability re-estimated as of:											
One year later	68,426	59,866	949,203	2,189,064	2,376,763	2,111,483	3,035,309	3,806,231	4,688,964	5,006,767	
Two years later	68,426	18,632	869,741	2,010,885	2,205,861	2,302,284	3,310,898	3,975,926	4,301,161		
Three years later	43,134	16,373	851,427	1,912,869	2,316,164	2,489,601	3,456,250	3,781,574			
Four years later	41,102	15,395	809,959	1,948,521	2,448,562	2,611,045	3,326,527				
Five years later	40,124	15,013	832,798	2,044,481	2,540,927	2,513,123					
Six years later	39,742	15,112	883,067	2,103,952	2,461,178						
Seven years later	39,809	16,237	918,291	2,036,754							
Eight years later	40,840	15,324	884,965								
Nine years later	39,959	15,098									
Ten years later	39,758										
Cumulative redundancy (deficiency)	**$ 28,668**	**$ 44,768**	**$ 87,450**	**$ 355,228**	**$ (50,604)**	**$ (330,271)**	**$ (535,790)**	**$ (340,935)**	**$ 278,213**	**$ 606,844**	
Cumulative amount of net liability paid through:											
One year later	29,112	8,623	231,454	537,682	778,382	615,276	923,165	1,126,882	1,120,756	1,250,534	
Two years later	33,911	11,653	362,692	815,231	1,060,797	960,288	1,391,301	1,713,953	1,573,312		
	36,635	13,515	410,342	988,069	1,260,298	1,163,105	1,740,277	1,993,947			

Three years later							
Four years later	38,347	13,821	417,613	1,089,279	1,373,693	1,354,886	1,924,833
Five years later	38,653	13,943	450,723	1,158,620			