Consolidated Financial Statements of

GREENLIGHT REINSURANCE, LTD.

December 31, 2015 and 2014

GREENLIGHT REINSURANCE, LTD.

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Independent Auditor's Report

The Board of Directors and Shareholder
Greenlight Reinsurance, Ltd.
Grand Cayman, Cayman Islands

We have audited the accompanying consolidated financial statements of Greenlight Reinsurance, Ltd., a wholly owned subsidiary of Greenlight Capital Re, Ltd., as of December 31, 2015 and 2014 and the related consolidated statements of income, shareholder's equity, and cash flows for each of the three years in the period ended December 31, 2015, and the related notes to the consolidated financial statements. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greenlight Reinsurance, Ltd. at December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

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February 22, 2016

GREENLIGHT REINSURANCE, LTD.
CONSOLIDATED BALANCE SHEETS

December 31, 2015 and 2014
(expressed in thousands of U.S. dollars, except per share and share amounts)

	2015	2014
Assets		
Investments		
Debt instruments, trading, at fair value	$ 39,087	$ 49,212
Equity securities, trading, at fair value	905,994	1,266,175
Other investments, at fair value	119,083	115,591
Total investments	1,064,164	1,430,978
Cash and cash equivalents	109,289	9,890
Restricted cash and cash equivalents	1,236,589	1,296,914
Financial contracts receivable, at fair value	13,215	47,171
Reinsurance balances receivable	160,704	129,721
Loss and loss adjustment expenses recoverable	3,333	11,523
Deferred acquisition costs, net	54,187	28,943
Unearned premiums ceded	2,627	3,750
Notes receivable	22,971	—
Due from parent company	16,986	—
Due from affiliate	884	101
Other assets	3,826	3,208
Total assets	$ 2,688,775	$ 2,962,199
Liabilities and equity		
Liabilities		
Securities sold, not yet purchased, at fair value	$ 882,906	$ 1,090,731
Financial contracts payable, at fair value	28,245	44,592
Due to prime brokers	396,453	211,070
Loss and loss adjustment expense reserves	273,686	236,865
Unearned premium reserves	184,533	103,098
Reinsurance balances payable	17,102	40,150
Funds withheld	6,431	6,045
Other liabilities	10,414	13,938
Due to parent company	—	15,276
Total liabilities	1,799,770	1,761,765
Equity		
Ordinary share capital (par value $0.10; authorized, 10,000; issued and outstanding, 1,000 (2014: 1,000)	—	—
Additional paid-in capital	472,379	472,379
Retained earnings	317,102	631,586
Shareholder's equity attributable to shareholder	789,481	1,103,965
Non-controlling interest in joint venture	99,524	96,469
Total equity	889,005	1,200,434
Total liabilities and equity	$ 2,688,775	$ 2,962,199

The accompanying Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

GREENLIGHT REINSURANCE, LTD.
CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2015, 2014 and 2013
(expressed in thousands of U.S. dollars)

	2015	2014	2013
Revenues			
Gross premiums written	$ 414,795	$ 252,339	$ 464,127
Gross premiums ceded	(7,146)	(12,654)	(1,334)
Net premiums written	407,649	239,685	462,793
Change in net unearned premium reserves	(83,301)	47,269	10,800
Net premiums earned	324,348	286,954	473,593
Net investment income (loss)	(281,880)	117,659	223,706
Other income (expense), net	(3,129)	2,746	(1,734)
Total revenues	39,339	407,359	695,565
Expenses			
Loss and loss adjustment expenses incurred, net	259,596	181,086	284,621
Acquisition costs, net	94,391	90,179	151,544
General and administrative expenses	17,281	18,158	12,535
Total expenses	371,268	289,423	448,700
Net income (loss) including non-controlling interest	(331,929)	117,936	246,865
Loss (income) attributable to non-controlling interest in joint venture	22,445	(4,650)	(17,052)
Net income (loss)	$ (309,484)	$ 113,286	$ 229,813

The accompanying Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

GREENLIGHT REINSURANCE, LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

Years ended December 31, 2015, 2014 and 2013
(expressed in thousands of U.S. dollars)

	Ordinary share capital	Additional paid-in capital	Retained earnings	Shareholder's equity attributable to shareholder	Non-controlling interest in joint venture	Total equity
Balance at December 31, 2012	$ —	$ 472,379	$ 288,487	$ 760,866	$ 88,930	$ 849,796
Non-controlling interest withdrawal from joint venture, net	—	—	—	—	(2,761)	(2,761)
Income attributable to non-controlling interest in joint venture	—	—	—	—	17,052	17,052
Net income	—	—	229,813	229,813	—	229,813
Balance at December 31, 2013	$ —	$ 472,379	$ 518,300	$ 990,679	$ 103,221	$ 1,093,900
Non-controlling interest withdrawal from joint venture, net	—	—	—	—	(11,402)	(11,402)
Income attributable to non-controlling interest in joint venture	—	—	—	—	4,650	4,650
Net income	—	—	113,286	113,286	—	113,286
Balance at December 31, 2014	$ —	$ 472,379	$ 631,586	$ 1,103,965	$ 96,469	$ 1,200,434
Non-controlling interest contribution into (withdrawal from) joint venture, net	—	—	—	—	25,500	25,500
Income (loss) attributable to non-controlling interest in joint venture	—	—	—	—	(22,445)	(22,445)
Dividend paid	—	—	(5,000)	(5,000)	—	(5,000)
Net income (loss)	—	—	(309,484)	(309,484)	—	(309,484)
Balance at December 31, 2015	$ —	$ 472,379	$ 317,102	$ 789,481	$ 99,524	$ 889,005

The accompanying Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

GREENLIGHT REINSURANCE, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2015, 2014 and 2013
(expressed in thousands of U.S. dollars)

	2015	2014	2013
Cash provided by (used in) operating activities			
Net income (loss)	$ (309,484)	$ 113,286	$ 229,813
Adjustments to reconcile net income to net cash provided by (used in) operating			
Net change in unrealized gains and losses on investments and financial contracts	265,401	187,753	(149,013)
Net realized gains on investments and financial contracts	(22,227)	(347,633)	(122,568)
Foreign exchange (gains) losses on investments	3,725	(14,797)	(44,492)
Income (loss) attributable to non-controlling interest in joint venture	(22,445)	4,650	17,052
Depreciation expense	341	371	259
Net change in			
Reinsurance balances receivable	(77,341)	18,139	4,775
Loss and loss adjustment expenses recoverable	(881)	5,306	17,618
Deferred acquisition costs, net	(25,244)	17,590	6,284
Unearned premiums ceded	1,123	(840)	398
Due from parent company	(16,986)	3,808	(2,438)
Due from related company	(783)	526	574
Other assets	(959)	301	(284)
Loss and loss adjustment expense reserves	36,821	(70,075)	(37,399)
Unearned premium reserves	81,435	(47,893)	(10,913)
Reinsurance balances payable	6,522	1,580	3,314
Funds withheld	386	(3,548)	(7,510)
Other liabilities	(3,524)	3,405	981
Due to parent company	(15,276)	15,276	—
Due to related company	—	(375)	375
Net cash (used in) provided by operating activities	$ (99,396)	$ (113,170)	$ (93,174)
Investing activities			
Purchases of investments, trading	(1,252,969)	(1,603,856)	(931,036)
Sales of investments, trading	1,388,162	1,722,936	933,356
Purchases of financial contracts	(25,765)	(13,302)	(64,153)
Dispositions of financial contracts	7,002	113,011	90,282
Securities sold, not yet purchased	892,085	934,769	940,486
Dispositions of securities sold, not yet purchased	(1,068,891)	(952,843)	(766,680)
Change in due to prime brokers	185,383	(103,632)	(11,786)
Change in restricted cash and cash equivalents, net	50,400	35,476	(107,932)
Non-controlling interest contribution into (withdrawal from) joint venture, net	25,500	(11,402)	(2,761)
Change in note receivable	2,888	—	—
Fixed assets additions	—	—	(1,040)
Net cash (used in) provided by investing activities	203,795	121,157	78,736
Financing activities			
Dividend paid	(5,000)	—	—
Net cash (used in) provided by financing activities	(5,000)	—	—
Net increase (decrease) in cash and cash equivalents	99,399	7,987	(14,438)
Cash and cash equivalents at beginning of the period	9,890	1,903	16,341
Cash and cash equivalents at end of the period	$ 109,289	$ 9,890	$ 1,903
Supplementary information			
Interest paid in cash	$ 21,959	$ 21,482	$ 23,741
Non-cash transfer to notes receivable	25,859	—	—

The accompanying Notes to the Consolidated Financial Statements are
an integral part of the Consolidated Financial Statements.

GREENLIGHT REINSURANCE, LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2015, 2014 and 2013

1. ORGANIZATION AND BASIS OF PRESENTATION

Greenlight Reinsurance, Ltd. (the "Company") was incorporated as an exempted company under the Companies Law of the Cayman Islands on July 13, 2004 and has a Class "D" insurance license issued in accordance with the terms of The Insurance Law, 2010 and underlying regulations thereto (the "Law"), and is subject to regulation by the Cayman Islands Monetary Authority ("CIMA") in terms of the Law. The Company provides global specialty property and casualty reinsurance.

The Company is a wholly-owned subsidiary of Greenlight Capital Re, Ltd. (the "Parent"). The Parent's Class A ordinary shares are listed on the Nasdaq Global Select Market under the symbol "GLRE".

These consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The consolidated financial statements include the accounts of the Company and the joint venture between DME Advisors, LLC. ("DME"), Greenlight Reinsurance Ireland, Designated Activity Company ("GRIL") and the Company. All significant intercompany transactions and balances have been eliminated on consolidation.

Management has evaluated subsequent events through February 22, 2016, the date these consolidated financial statements were available to be issued.

Reclassifications

Certain prior period balances have been reclassified to conform to the current period presentation. Prior to January 1, 2015, non-investment related foreign exchange gains and losses were recorded under general and administrative expenses in the condensed consolidated statements of income. Effective from January 1, 2015, the presentation has been modified and any non-investment related foreign exchange gains or losses are now recorded under "other income (expense), net" in the consolidated statements of income. As a result, foreign exchange gains (losses) of $2.8 million and $(0.5) million that were previously reported in general and administrative expenses for the years ended December 31, 2014 and 2013, respectively, were reclassified as "other income (expense), net" to conform to the current year presentation. The reclassifications resulted in no changes to net income or retained earnings for any of the periods presented.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management 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 consolidated financial statements and the reported amounts of income and expenses during the period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and certain short-term, highly liquid investments with original maturity dates of three months or less.

Restricted Cash and Cash Equivalents

The Company is required to maintain certain cash in segregated accounts with prime brokers and derivative counterparties. The amount of restricted cash held by prime brokers is primarily used to support the liability created from securities sold, not yet purchased and derivatives. Additionally, restricted cash and cash equivalent balances are held to collateralize regulatory trusts and letters of credit issued to cedents (see Notes 4 and 6). The amount of cash encumbered varies depending on the market value of the securities sold, not yet purchased, and the collateral required by the cedents in the form of trust accounts and letters of credit. In addition, derivative counterparties require cash collateral to support the current value of any amounts that may be due to the counterparty based on the value of the underlying financial instrument.

Premium Revenue Recognition

The Company accounts for reinsurance contracts in accordance with U.S. GAAP. In the event that a reinsurance contract does not transfer sufficient risk, deposit accounting is used and the contract is reported as a deposit liability.

The Company writes excess of loss contracts as well as quota share contracts. The Company estimates the ultimate premiums for the entire contract period. These estimates are based on information received from the ceding companies and estimates from actuarial pricing models used by the Company. For excess of loss contracts, the total ultimate estimated premiums are recorded as premiums written at the inception of the contract. For quota share contracts, the premiums are recorded as written based on cession statements from cedents which typically are received monthly or quarterly depending on terms specified in each contract. For any reporting lag, premiums written are estimated based on the portion of the ultimate estimated premiums relating to the risks underwritten during the lag period.

Premium estimates are reviewed by management at least quarterly. Such review includes a comparison of actual reported premiums to expected ultimate premiums along with a review of the aging and collection of premium estimates. Based on management's review, the appropriateness of the premium estimates is evaluated, and any adjustments to these estimates are recorded in the period in which they are determined. Changes in premium estimates, including premium receivable on both excess of loss and quota share contracts, are expected and may result in significant adjustments in any period. A significant portion of amounts included in reinsurance balances receivable represent estimated premiums written, net of commissions and brokerage, and are not currently due based on the terms of the underlying contracts.

Certain contracts allow for reinstatement premiums in the event of a full limit loss prior to the expiry of a contract. A reinstatement premium is not due until there is a full limit loss event and therefore, in accordance with U.S. GAAP, the Company records a reinstatement premium as written only in the event that a client incurs a full limit loss on the contract and the contract allows for a reinstatement of coverage upon payment of an additional premium. For catastrophe contracts which contractually require the payment of a reinstatement premium equal to or greater than the original premium upon the occurrence of a full limit loss, the reinstatement premiums are earned over the original contract period. Reinstatement premiums that are contractually calculated on a pro-rata basis of the original premiums, are earned over the remaining coverage period.

Certain contracts may provide for a penalty to be paid if the contract is terminated and canceled prior to its expiration term. Cancellation penalties are recognized in the period the notice of cancellation is received and are recorded in the consolidated statements of income under "other income (expense), net".

Premiums written are generally recognized as earned over the contract period in proportion to the period of risk covered. Unearned premiums consist of the unexpired portion of reinsurance provided.

Reinsurance Premiums Ceded

The Company reduces the risk of future losses on business assumed by reinsuring certain risks and exposures with other reinsurers (retrocessionaires). The Company remains liable to the extent that any retrocessionaire fails to meet its obligations and to the extent the Company does not hold sufficient security for their unpaid obligations.

Ceded premiums are written during the period in which the risks incept and are expensed over the contract period in proportion to the period of protection. Unearned premiums ceded consist of the unexpired portion of reinsurance obtained.

Deferred Acquisition Costs

Policy acquisition costs, such as commission and brokerage costs, relate directly to, and vary with, the writing of reinsurance contracts. Acquisition costs relating solely to bound contracts are deferred subject to ultimate recoverability and are amortized over the related contract term. The Company evaluates the recoverability of deferred acquisition costs by determining if the sum of future earned premiums and anticipated investment income is greater than the expected future claims and expenses. If a loss is probable on the unexpired portion of policies in force, a premium deficiency loss is recognized. At December 31, 2015 and 2014, the deferred acquisition costs were considered fully recoverable and no premium deficiency loss was recorded.

Acquisition costs also include profit commissions which are expensed when incurred. Profit commissions are calculated and accrued based on the expected loss experience for contracts and recorded when the current loss estimate indicates that a profit commission is probable under the contract terms. As of December 31, 2015, $11.1 million (2014: $10.8 million) of profit commission reserves were included in reinsurance balances payable on the consolidated balance sheets. For the year ended December 31, 2015, $6.6 million (2014: $2.6 million and 2013: $3.6 million, respectively) of net profit commission expense was included in acquisition costs on the consolidated statements of income.

Funds Withheld

Funds withheld include reinsurance balances retained from retrocessionaires as security for a period of time in accordance with the contract terms. Any interest expense that the Company incurs during the period these funds are withheld, are included under net investment income in the consolidated statements of income.

Loss and Loss Adjustment Expense Reserves and Recoverable

The Company establishes reserves for contracts based on estimates of the ultimate cost of all losses including losses incurred but not reported ("IBNR"). These estimated ultimate reserves are based on the Company's own actuarial estimates derived from reports received from ceding companies, industry data and historical experience. These estimates are reviewed by the Company periodically on a contract by contract basis and adjusted as necessary. Since reserves are estimates, the final settlement of losses may vary from the reserves established and any adjustments to the estimates, which may be material, are recorded in the period they are determined.

Loss and loss adjustment expenses recoverable include the amounts due from retrocessionaires for unpaid loss and loss adjustment expenses on retrocession agreements. Ceded losses incurred but not reported are estimated based on the Company's actuarial estimates. These estimates are reviewed periodically and adjusted when deemed necessary. The Company may not be able to ultimately recover the loss and loss adjustment expense recoverable amounts due to the retrocessionaires' inability to pay. The Company regularly evaluates the financial condition of its retrocessionaires and records provisions for uncollectible reinsurance expenses recoverable when recovery is no longer probable.

Notes Receivable

Notes receivable include promissory notes receivable from third party entities. These notes are recorded at cost along with accrued interest, if any, which approximates the fair value. Interest income and realized gains or losses on sale of notes receivable are included under net investment income (loss) in the consolidated statements of income.

The Company regularly reviews all notes receivable individually for impairment and records valuation allowance provisions for uncollectible and non-performing notes. The Company places notes on non-accrual status when the recorded value of the note is not considered impaired but there is uncertainty as to the collection of interest based on the terms of the note. The Company resumes accrual of interest on a note when none of the principal or interest remains past due, and the Company expects to collect the remaining contractual principal and interest. Interest collected on notes that are placed on non-accrual status is treated on a cash-basis and recorded as interest income when collected, provided that the recorded value of the note is deemed to be fully collectible. Where doubt exists as to the collectibility of the remaining recorded value of the notes placed on non-accrual status, any payments received are applied to reduce the recorded value of the notes.

At December 31, 2015, $23.0 million of notes receivable (net of any valuation allowance) were on non-accrual status (2014: $0.0 million) and any payments received were applied to reduce the recorded value of the notes. The increase in notes receivable during the year ended December 31, 2015 related to a settlement agreement entered into with a ceding insurer during 2015 whereby certain amounts, previously classified under reinsurance balances receivable, were converted into a ten-year note receivable.

At December 31, 2015 and 2014, there was no accrued interest included in the notes receivable balance. Based on management's assessment, the recorded values of the notes receivable, net of valuation allowance, at December 31, 2015 and 2014, were expected to be fully collectible.

Deposit Assets and Liabilities

In accordance with U.S. GAAP, deposit accounting is used in the event that a reinsurance contract does not transfer sufficient insurance risk, or a contract provides retroactive reinsurance. Any losses on such contracts are charged to earnings immediately. Any gains relating to such contracts are deferred and amortized over the estimated remaining settlement period. All such deferred gains are included in reinsurance balances payable in the consolidated balance sheets. Amortized gains are recorded in the consolidated statements of income as other income. At December 31, 2015 and 2014, there were no material deposit assets or deposit liabilities and no material gains or losses on deposit accounted contracts.

Fixed Assets

Fixed assets are included in other assets on the consolidated balance sheets and are recorded at cost when acquired. Fixed assets are comprised of computer software, furniture and fixtures and leasehold improvements and are depreciated, using the straight-line method, over their estimated useful lives, which are five years for both computer software, and furniture and fixtures. Leasehold improvements are amortized over the lesser of the estimated useful lives of the assets or remaining lease term. The Company periodically reviews fixed assets that have finite lives, and that are not held for sale, for impairment by comparing the carrying value of the assets to their estimated future undiscounted cash flows. For the years ended December 31, 2015, 2014 and 2013, there were no impairments in fixed assets.

At December 31, 2015, the cost, accumulated depreciation and net book values of the fixed assets were as follows:

	Cost	Accumulated depreciation	Net book value
		($ in thousands)	
Computer software	$ 556	$ (348)	$ 208
Furniture and fixtures	430	(345)	85
Leasehold improvements	1,732	(1,109)	623
Total	$ 2,718	$ (1,802)	$ 916

At December 31, 2014, the cost, accumulated depreciation and net book values of the fixed assets were as follows:

	Cost	Accumulated depreciation	Net book value
		($ in thousands)	
Computer software	$ 556	$ (277)	$ 279
Furniture and fixtures	430	(312)	118
Leasehold improvements	1,732	(873)	859
Total	$ 2,718	$ (1,462)	$ 1,256

Financial Instruments

Investments in Securities and Investments in Securities Sold, Not Yet Purchased

The Company's investments in debt instruments and equity securities that are classified as "trading securities" are carried at fair value. The fair values of the listed equity investments are derived based on quoted prices (unadjusted) in active markets for identical assets (Level 1 inputs). The fair values of listed equities that have restrictions on sale or transfer which expire within one year, are determined by adjusting the observed market price of the equity using a liquidity discount based on observable market inputs. The fair values of debt instruments are derived based on inputs that are observable, either directly or indirectly, such as market maker or broker quotes reflecting recent transactions (Level 2 inputs), and are generally derived based on the average of multiple market maker or broker quotes which are considered to be binding. Where quotes are not available, debt instruments are valued using cash flow models using assumptions and estimates that may be subjective and non-observable (Level 3 inputs).

The Company's "other investments" may include investments in private and unlisted equity securities, limited partnerships, and commodities, which are all carried at fair value. The fair values of commodities are determined based on quoted prices in active markets for identical assets (Level 1). The Company maximizes the use of observable direct or indirect inputs (Level 2 inputs) when deriving the fair values for "other investments". For limited partnerships and private and unlisted equity securities, where observable inputs are not available, the fair values are derived based on unobservable inputs (Level 3 inputs) such as management's assumptions developed from available information using the services of the investment advisor, including the most recent net asset values obtained from the managers of those underlying investments.

For securities classified as "trading securities", and "other investments", any realized and unrealized gains or losses are determined on the basis of the specific identification method (by reference to cost or amortized cost, as appropriate) and included in net investment income (loss) in the consolidated statements of income.

Dividend income and expense are recorded on the ex-dividend date. The ex-dividend date is the date as of when the underlying security must have been traded to be eligible for the dividend declared. Interest income and interest expense are recorded on an accrual basis.

Derivative Financial Instruments

U.S. GAAP requires that an entity recognize all derivatives in the balance sheet at fair value. It also requires that unrealized gains and losses resulting from changes in fair value be included in income or comprehensive income, depending on whether the instrument qualifies as a hedge transaction, and if so, the type of hedge transaction. The Company’s derivative financial instrument assets are included in financial contracts receivable. Derivative financial instrument liabilities are generally included in financial contracts payable. The Company's derivatives do not qualify as hedges for financial reporting purposes and are recorded in the consolidated balance sheets on a gross basis and not offset against any collateral pledged or received. Pursuant to the International Swaps and Derivatives Association ("ISDA") master agreements, securities lending agreements and other agreements, the Company and its counterparties typically have the ability to net certain payments owed to each other in specified circumstances. In addition, in the event a party to one of the ISDA master agreements, securities lending agreements or other agreements defaults, or a transaction is otherwise subject to termination, the non-defaulting party generally has the right to set off against payments owed to the defaulting party or collateral held by the non-defaulting party. The Company may from time to time enter into underwriting contracts such as industry loss warranty contracts ("ILW") that are treated as derivatives for U.S GAAP purposes.

Financial Contracts

The Company enters into financial contracts with counterparties as part of its investment strategy. Financial contracts, which include total return swaps, credit default swaps ("CDS"), futures, options, currency forwards and other derivative instruments, are recorded at their fair value with any unrealized gains and losses included in net investment income (loss) in the consolidated statements of income. Financial contracts receivable represents derivative contracts whereby, based upon the contract's current fair value, the Company will be entitled to receive payments upon settlement of the contract. Financial contracts payable represents derivative contracts whereby, based upon each contract's current fair value, the Company will be obligated to make payments upon settlement of the contract.

Total return swap agreements, included on the consolidated balance sheets as financial contracts receivable and financial contracts payable, are derivative financial instruments whereby the Company is either entitled to receive or obligated to pay the product of a notional amount multiplied by the movement in an underlying security, which the Company may not own, over a specified time frame. In addition, the Company may also be obligated to pay or receive other payments based on interest rates, dividend payments and receipts, or foreign exchange movements during a specified period. The Company measures its rights or obligations to the counterparty based on the fair value movements of the underlying security together with any other payments due. These contracts are carried at fair value, based on observable inputs (Level 2 inputs) with the resultant unrealized gains and losses reflected in net investment income (loss) in the consolidated statements of income. Additionally, any changes in the value of amounts received or paid on swap contracts are reported as a gain or loss in net investment income (loss) in the consolidated statements of income.

Financial contracts may also include exchange traded futures or options contracts that are based on the movement of a particular index, equity security, commodity, currency or interest rate. Where such contracts are traded in an active market, the Company’s obligations or rights on these contracts are recorded at fair value based on the observable quoted prices of the same or similar financial contracts in an active market (Level 1) or on broker quotes which reflect market information based on actual transactions (Level 2). Amounts invested in exchange traded options and over the counter ("OTC") options are recorded either as an asset or liability at inception. Subsequent to initial recognition, unexpired exchange traded option contracts are recorded at fair value based on quoted prices in active markets (Level 1). For OTC options or exchange traded options where a quoted price in an active market is not available, fair values are derived based upon observable inputs (Level 2) such as multiple quotes from brokers and market makers, which are considered to be binding.

The Company may purchase and sell CDS for strategic investment purposes. A CDS is a derivative instrument that provides protection against an investment loss due to specified credit or default events of a reference entity. The seller of a CDS guarantees to pay the buyer a specified amount if the reference entity defaults on its obligations or fails to perform. The buyer of a CDS pays a premium over time to the seller in exchange for obtaining this protection. A CDS trading in an active market is valued at fair value based on broker or market maker quotes for identical instruments in an active market (Level 2) or based on the current credit spreads on identical contracts (Level 2).

Foreign Exchange

The reporting and functional currency of the Company and all its subsidiaries is the U.S. dollar. Transactions in foreign currencies are recorded in U.S. dollars at the exchange rates in effect on the transaction date. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the exchange rate in effect at the balance sheet date and translation exchange gains and losses, if any, are included in "other income (expense), net" in the consolidated statements of income.

Other Assets

Other assets consist primarily of investment income receivable, prepaid expenses, fixed assets and deferred tax assets.

Other Liabilities

Other liabilities consist primarily of dividends payable on securities sold, not yet purchased, and employee bonus accruals. At December 31, 2015, other liabilities included accrued bonus of $7.2 million (2014: $6.7 million). Under the Company's bonus program, each employee’s target bonus consists of two components: a discretionary component based on a qualitative assessment of each employee’s performance and a quantitative component based on the return on deployed equity (“RODE”) for each underwriting year relating to reinsurance operations. The qualitative portion of an employee’s annual bonus is accrued at each employee's target amount, which may differ significantly from the actual amount approved and awarded annually by the Compensation Committee. The quantitative portion of each employee’s annual bonus is accrued based on the expected RODE for each underwriting year and adjusted for changes in the expected RODE and actual investment return each quarter until all losses are settled and the underwriting year is declared closed. The quantitative bonus is calculated and paid, with the approval of the Compensation Committee, in annual installments between two to five years from the end of the fiscal year in which the business was underwritten. Any further changes are incorporated into the following open underwriting year. The expected RODE calculation utilizes proprietary models which require significant estimation and judgment. Actual RODE may vary significantly from the expected RODE and any adjustments to the quantitative bonus estimates, which may be material, are recorded in the period in which they are determined.

Also included in other liabilities are accruals for income taxes payable, professional fees and other general expenses.

Non-controlling Interest

Non-controlling interest in joint venture on the consolidated balance sheets represents DME and GRIL's share of assets in the joint venture whereby DME is a participant in the joint venture as disclosed in Note 12. DME’s share of investment income or loss is included in the consolidated statements of income as income attributable to non-controlling interest in joint venture.

Comprehensive Income (Loss)

The Company has no other comprehensive income or loss, other than the net income or loss disclosed in the consolidated statements of income.

Segment Information

Under U.S. GAAP, operating segments are based on the internal information that management uses for allocating resources and assessing performance as the source of the Company's reportable segments.

The Company manages its business on the basis of one operating segment, Property and Casualty Reinsurance, in accordance with the qualitative and quantitative criteria established by U.S. GAAP.

Recent Accounting Pronouncements

In May 2015, the FASB issued Accounting Standards Update 2015-07, "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share or Its Equivalent" ("ASU 2015-07"). The amendments apply to reporting entities that elect to measure the fair value of an investment using the net asset value ("NAV") per share (or its equivalent) as a practical expedient. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share as a practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share as a practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The amendments in ASU 2015-07 are effective for reporting periods beginning after December 15, 2015, with early adoption permitted. Entities are required to apply the amendments in this update retrospectively to all periods presented. The Company will adopt ASU 2015-07 during the first quarter of 2016. As the Company measures certain investments in private equity funds using the NAV as a practicable expedient, upon adoption of ASU 2015-07, the fair value of these investments will be removed from the fair value hierarchy for all periods presented in the Company's consolidated financial statements. The Company will continue to disclose information on these investments for which fair value is measured at NAV as a practical expedient.

In May 2015, the FASB issued ASU 2015-09, "Financial Services - Insurance (Topic 944): Disclosures about Short-Duration Contracts" ("ASU 2015-09"). ASU 2015-09 requires additional disclosures for short-duration contracts including incurred and paid claims development information, claims duration information, quantitative claims frequency information (unless impracticable), and an explanation of significant changes in methodologies and assumptions used to calculate the loss and loss adjustment expense reserves. ASU 2015-09 is effective for public entities for annual reporting periods beginning after December 15, 2015, and interim reporting periods within annual reporting periods beginning after December 15, 2016 with early adoption permitted. The Company is evaluating the impact of the disclosure requirements of ASU 2015-09 and is preparing to disclose the additional information in its consolidated financial statements for the fiscal year ending December 31, 2016 and thereafter.

3. FINANCIAL INSTRUMENTS

In the normal course of its business, the Company purchases and sells various financial instruments, which include listed and unlisted equities, corporate and sovereign debt, commodities, futures, put and call options, currency forwards, other derivatives and similar instruments sold, not yet purchased.

The Company is exposed to credit risk in relation to counterparties that may default on their obligations to the Company. The amount of counterparty credit risk predominantly relates to the value of financial contracts receivable and assets held at counterparties. The Company mitigates its counterparty credit risk by using several counterparties which decreases the likelihood of any significant concentration of credit risk with any one counterparty. In addition, the Company is exposed to credit risk on corporate and sovereign debt instruments to the extent that the debtors may default on their debt obligations.

The Company is exposed to market risk including interest rate and foreign exchange fluctuations on financial instruments that are valued at market prices. Market movements can be volatile and difficult to predict. This may affect the ultimate gains or losses realized upon the sale of its holdings as well as the amount of net investment income reported in the consolidated statements of income. Management utilizes the services of the Company's investment advisor to monitor the Company's positions to reduce the risk of potential loss due to changes in market values.

Purchases and sales of investments are disclosed in the consolidated statements of cash flows. Net realized gains on the sale of investments, financial contracts, and investments sold, not yet purchased during 2015 were $22.2 million (2014: $352.1 million gains, 2013: $122.6 million gains). Gross realized gains were $350.5 million (2014: $596.6 million, 2013: $312.3 million) and gross realized losses were $328.3 million (2014: $244.5 million, 2013: $189.7 million). For the year ended December 31, 2015, included in net investment income in the consolidated statements of income were $265.4 million of net losses (2014: $187.8 million of net losses, 2013: $149.0 million of net gains) relating to change in unrealized gains and losses on trading securities still held at the balance sheet date.

As of December 31, 2015, cash and investments with a fair value of $324.3 million (2014: $302.6 million) have been pledged as security against letters of credit issued, and $78.6 million (2014: nil) have been pledged as security relating to regulatory trusts.

As of December 31, 2015, the Company's investments in gold and gold derivatives was the only investment in excess of 10% of the Company's shareholder's equity, with a fair value of $98.0 million, or 11.0% of shareholder's equity. As of December 31, 2014, the Company's investment in Micron Technology Inc., was the only investment in excess of 10% of the Company's shareholder's equity, with fair values of $151.1 million, or 12.6%, of shareholder's equity.

Fair Value Hierarchy

The Company's financial instruments are carried at fair value, and the net unrealized gains or losses are included in net investment income (loss) in the consolidated statements of income.

The following table presents the Company's investments, categorized by the level of the fair value hierarchy as of December 31, 2015:

	Fair value measurements as of December 31, 2015			
Description	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets:		**($ in thousands)**		
Debt instruments	$ —	$ 38,582	$ 505	$ 39,087
Listed equity securities	900,369	5,625	—	905,994
Commodities	98,046	—	—	98,046
Private and unlisted equity securities	—	—	21,037	21,037
Financial contracts receivable	20	13,195	—	13,215
	$ 998,435	$ 57,402	$ 21,542	$ 1,077,379
Liabilities:				
Listed equity securities, sold not yet purchased	$ (808,481)	$ —	$ —	$ (808,481)
Debt instruments, sold not yet purchased	—	(74,425)	—	(74,425)
Financial contracts payable	(488)	(27,757)	—	(28,245)
	$ (808,969)	$ (102,182)	$ —	$ (911,151)

The following table presents the Company's investments, categorized by the level of the fair value hierarchy as of December 31, 2014:

	Fair value measurements as of December 31, 2014			
Description	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets:		**($ in thousands)**		
Debt instruments	$ —	$ 26,953	$ 22,259	$ 49,212
Listed equity securities	1,259,298	6,877	—	1,266,175
Commodities	96,872	—	—	96,872
Private and unlisted equity securities	—	—	18,719	18,719
Financial contracts receivable	2,463	44,708	—	47,171
	$ 1,358,633	$ 78,538	$ 40,978	$ 1,478,149
Liabilities:				
Listed equity securities, sold not yet purchased	$ (834,228)	$ —	$ —	$ (834,228)
Debt instruments, sold not yet purchased	—	(256,503)	—	(256,503)
Financial contracts payable	—	(44,592)	—	(44,592)
	$ (834,228)	$ (301,095)	$ —	$ (1,135,323)

The following table presents the reconciliation of the balances for all investments measured at fair value using significant unobservable inputs (Level 3) for the year ended December 31, 2015:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
	Year ended December 31, 2015					
	Assets					Liabilities
	Debt instruments	Private and unlisted equity securities	Financial contracts receivable	Listed equity securities	Total	Financial contracts payable
	($ in thousands)					
Beginning balance	$ 22,259	$ 18,719	$ —	$ —	$ 40,978	$ —
Purchases	—	5,009	2,340	—	7,349	—
Sales	(21,561)	(3,290)	—	—	(24,851)	—
Total realized and unrealized gains (losses) and amortization included in earnings, net	(193)	599	(3,027)	(692)	(3,313)	314
Transfers into Level 3	—	—	2,536	5,189	7,725	8,835
Transfers out of Level 3	—	—	(1,849)	(4,497)	(6,346)	(9,149)
Ending balance	$ 505	$ 21,037	$ —	$ —	$ 21,542	$ —

During the year ended December 31, 2015, $5.2 million of equity securities, listed on the Athens Stock Exchange (the "ASE"), were transferred from Level 1 to Level 3 securities due to trading being halted from June 26, 2015 to August 3, 2015 for all equity securities listed on the ASE. Since there was no active market with observable trading prices to determine the fair value of these securities during this period, these securities were valued based on the last trading price of these securities on the ASE and adjusted for the estimated decline in the fair value of American depository receipts of other comparable securities. When the ASE resumed trading on August 3, 2015, the fair values of the ASE listed equity securities were once again based on observable prices in an active market. Therefore, $4.5 million of listed equity securities trading on the ASE were transferred from Level 3 to Level 1 securities during the year ended December 31, 2015.

The fair values for derivatives for which the underlying securities traded on the ASE were also transferred to Level 3 securities during 2015 when the ASE halted trading, and were subsequently transferred out of Level 3 securities when the ASE resumed trading. Therefore, for the year ended December 31, 2015, $2.5 million and $8.8 million of financial contracts receivable and financial contracts payable, respectively, were transfered from Level 2 to Level 3 due to the fair values being based on unobservable inputs during the period that the ASE had halted trading. During the year ended December 31, 2015, $1.8 million of financial contracts receivable and $9.1 million of financial contracts payable, respectively, were transfered from Level 3 to Level 2 as fair values were based on observable inputs once the ASE resumed trading.

There were no other transfers between Level 1, Level 2 or Level 3 during the year ended December 31, 2015. The following table presents the reconciliation of the balances for all investments measured at fair value using significant unobservable inputs (Level 3) for the year ended December 31, 2014:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Year ended December 31, 2014		
	Debt instruments	Private and unlisted equity securities	Total
	($ in thousands)		
Beginning balance	$ 527	$ 46,323	$ 46,850
Purchases	21,561	3,958	25,519
Sales	—	(37,252)	(37,252)
Total realized and unrealized gains included in earnings, net	171	9,734	9,905
Transfers into Level 3	—	—	—
Transfers out of Level 3	—	(4,044)	(4,044)
Ending balance	$ 22,259	$ 18,719	$ 40,978

During the year ended December 31, 2014, $4.0 million of securities at fair value, based on the date of transfer, were transferred from Level 3 to Level 2 as these securities began actively trading on a listed exchange during the third quarter of 2014. However, due to lock-up period restrictions on those securities, they were classified as Level 2 upon transfer until the lock-up period expired.

Additionally. during the year ended December 31, 2014, $14.4 million of securities at fair value, based on the date of transfer, were transferred from Level 2 to Level 1 as the lock up period restrictions on those securities expired. There were no other transfers between Level 1, Level 2 or Level 3 during the year ended December 31, 2014.

As of December 31, 2015, included in private and unlisted equity securities are investments in private equity funds with a fair value of $12.6 million (December 31, 2014: $12.3 million) determined based on unadjusted net asset values reported by the managers of these securities. Some of these values were reported from periods prior to December 31, 2015. The private equity funds have varying lock-up periods and, as of December 31, 2015, all of the funds had redemption restrictions, and therefore have been categorized within Level 3 of the fair value hierarchy. The redemption restrictions have been in place since inception of the investments and are not expected to lapse in the near future. As of December 31, 2015, the Company had $6.1 million (December 31, 2014: $8.9 million) of unfunded commitments relating to private equity funds whose fair values are determined based on unadjusted net asset values reported by the managers of these securities. These commitments are included in the amounts presented in the schedule of commitments and contingencies in Note 13 of these consolidated financial statements.

For the year ended December 31, 2015, included in net investment loss in the consolidated statements of income were net realized losses relating to Level 3 securities of $1.4 million (2014: net realized gains of $13.5 million). In addition, for the year ended December 31, 2015, amortization expense of $2.3 million (2014: nil) relating to financial contracts receivable, valued using unobservable inputs, was included in the consolidated statements of income as "other income (expense), net".

For Level 3 securities still held as of the reporting date, the change in net unrealized gain for the year ended December 31, 2015 of $0.6 million (2014: net unrealized gains $1.4 million), were included in net investment income (loss) in the consolidated statements of income.

Investments

Debt instruments, trading

At December 31, 2015, the following investments were included in debt instruments:

	Cost/ amortized cost	Unrealized gains	Unrealized losses	Fair value
		($ in thousands)		
Corporate debt – U.S.	$ 25,674	$ 155	$ (5,519)	$ 20,310
Corporate debt – Non U.S.	2,109	—	(1,795)	314
Sovereign debt – Non U.S.	17,688	1,225	(450)	18,463
Total debt instruments	$ 45,471	$ 1,380	$ (7,764)	$ 39,087

At December 31, 2014, the following investments were included in debt instruments:

	Cost/ amortized cost	Unrealized gains	Unrealized losses	Fair value
		($ in thousands)		
Corporate debt – U.S.	$ 23,677	$ 5	$ (1,423)	$ 22,259
Corporate debt – Non U.S.	5,870	49	(1,405)	4,514
Municipal debt – U.S.	1,759	—	(6)	1,753
Sovereign debt – Non U.S.	21,769	—	(1,083)	20,686
Total debt instruments	$ 53,075	$ 54	$ (3,917)	$ 49,212

The maturity distribution for debt instruments held at December 31, 2015 and 2014, was as follows:

	2015		2014	
	Cost/ amortized cost	Fair value	Cost/ amortized cost	Fair value
	($ in thousands)			
Within one year	$ —	$ —	$ —	$ —
From one to five years	4,202	4,129	21,922	21,923
From five to ten years	18,840	14,780	2,401	1,282
More than ten years	22,429	20,178	28,752	26,007
	$ 45,471	$ 39,087	$ 53,075	$ 49,212

Equity securities, trading

At December 31, 2015, the following long positions were included in equity securities, trading:

	Cost	Unrealized gains	Unrealized losses	Fair value
	($ in thousands)			
Equities – listed	$ 1,011,424	$ 67,114	$ (187,885)	$ 890,653
Exchange traded funds	31,570	—	(16,229)	15,341
Total equity securities	$ 1,042,994	$ 67,114	$ (204,114)	$ 905,994

At December 31, 2014, the following long positions were included in equity securities, trading:

	Cost	Unrealized gains	Unrealized losses	Fair value
	($ in thousands)			
Equities – listed	$ 1,079,955	$ 247,109	$ (80,637)	$ 1,246,427
Exchange traded funds	42,126	—	(22,378)	19,748
Total equity securities	$ 1,122,081	$ 247,109	$ (103,015)	$ 1,266,175

Other Investments

"Other investments" include commodities and private and unlisted equity securities. As of December 31, 2015 and 2014, commodities were comprised of gold bullion.

At December 31, 2015, the following securities were included in other investments:

	Cost	Unrealized gains	Unrealized losses	Fair value
	($ in thousands)			
Commodities	$ 102,092	$ —	$ (4,046)	$ 98,046
Private and unlisted equity securities	18,720	3,491	(1,174)	21,037
	$ 120,812	$ 3,491	$ (5,220)	$ 119,083

At December 31, 2014, the following securities were included in other investments:

	Cost	Unrealized gains	Unrealized losses	Fair value
	($ in thousands)			
Commodities	$ 95,815	$ 1,057	$ —	$ 96,872
Private and unlisted equity securities	17,238	3,451	(1,970)	18,719
	$ 113,053	$ 4,508	$ (1,970)	$ 115,591

Investments in Securities Sold, Not Yet Purchased

Securities sold, not yet purchased are securities that the Company has sold, but does not own, in anticipation of a decline in the market value of the security. The Company's risk is that the value of the security will increase rather than decline. Consequently, the settlement amount of the liability for securities sold, not yet purchased may exceed the amount recorded in the consolidated balance sheet as the Company is obligated to purchase the securities sold, not yet purchased in the market at prevailing prices to settle its obligations. To establish a position in security sold, not yet purchased, the Company needs to borrow the security for delivery to the buyer. On each day the transaction is open, the liability for the obligation to replace the borrowed security is marked-to-market and an unrealized gain or loss is recorded. At the time the transaction is closed, the Company realizes a gain or loss equal to the difference between the price at which the security was sold and the cost of replacing the borrowed security. While the transaction is open, the Company will also incur an expense for any dividends or interest which will be paid to the lender of the securities.

At December 31, 2015, the following securities were included in investments in securities sold, not yet purchased:

	Proceeds	Unrealized gains	Unrealized losses	Fair value
	($ in thousands)			
Equities – listed	$ (803,842)	$ 102,469	$ (94,681)	$ (796,054)
Exchange traded funds	(9,572)	—	(2,855)	(12,427)
Sovereign debt – Non U.S.	(77,443)	3,018	—	(74,425)
	$ (890,857)	$ 105,487	$ (97,536)	$ (882,906)

At December 31, 2014, the following securities were included in investments in securities sold, not yet purchased:

	Proceeds	Unrealized gains	Unrealized losses	Fair value
	($ in thousands)			
Corporate debt – U.S.	$ (7,066)	$ 1,007	$ (5)	$ (6,064)
Equities – listed	(813,365)	91,690	(101,715)	(823,390)
Exchange traded funds	(9,180)	—	(1,658)	(10,838)
Sovereign debt – Non U.S.	(246,589)	6,635	(10,485)	(250,439)
	$ (1,076,200)	$ 99,332	$ (113,863)	$ (1,090,731)

Financial Contracts

As of December 31, 2015 and 2014, the Company had entered into total return equity swaps, interest rate swaps, commodity swaps, CDS, options, warrants, rights, futures and forward contracts with various financial institutions to meet certain investment objectives. Under the terms of each of these financial contracts, the Company is either entitled to receive or is obligated to make payments, which are based on the product of a formula contained within each contract that includes the change in the fair value of the underlying or reference security.

In addition, during the year ended December 31, 2015, the Company had entered into an ILW with certain third-parties in order to purchase protection against worldwide wind and earthquake exposures from January 2015 to December 2015. In return for a fixed payment, the Company is entitled to receive a variable payment in the event of losses incurred by the insurance industry, as a whole, exceeding a specified threshold. Through December 31, 2015, the Company was not aware of any industry loss event occurring that would have triggered a recovery under the ILW.

At December 31, 2015, the fair values of financial contracts outstanding were as follows:

Financial Contracts	**Listing currency** [1]	**Notional amount of underlying instruments**	**Fair value of net assets (obligations) on financial contracts**
		($ in thousands)	
Financial contracts receivable			
Call options [2]	USD	47,259	$ 657
Put options [3]	USD	147,326	8,790
Total return swaps – equities	EUR/GBP/USD	50,205	3,748
Warrants and rights on listed equities	EUR	59	20
Total financial contracts receivable, at fair value			$ 13,215
Financial contracts payable			
Call options	USD	2,601	$ (64)
Commodity Swaps	USD	42,160	(12,784)
Forwards	KRW	2,908	(22)
Futures	USD	21,195	(488)
Total return swaps – equities	EUR/GBP/HKD/ RON/MXN/USD	71,874	(14,887)
Total financial contracts payable, at fair value			$ (28,245)

[1] USD = US Dollar; EUR = Euro; GBP = British Pound; HKD = Hong Kong Dollar; KRW = Korean Won; MXN = Mexican Peso; RON = Romanian New Leu.

[2] Includes options on interest rate futures relating to U.S. dollar LIBOR interest rates.

[3] Includes options on the Japanese Yen and the Chinese Yuan, denominated in U.S. dollars.

At December 31, 2014, the fair values of financial contracts outstanding were as follows:

Financial Contracts	Listing currency [1]	Notional amount of underlying instruments		Fair value of net assets (obligations) on financial contracts
		($ in thousands)		
Financial contracts receivable				
Futures	USD	13,204	$	3,461
Put options [2]	USD	299,907		22,349
Total return swaps – equities	EUR/GBP/HKD/ USD	43,355		18,898
Warrants and rights on listed equities	EUR	8,054		2,463
Total financial contracts receivable, at fair value			$	47,171
Financial contracts payable				
Credit default swaps, purchased – corporate debt	USD	221,198	$	(1,305)
Credit default swaps, purchased – sovereign debt	USD	251,467		(1,714)
Forwards	KRW	20,563		(512)
Futures	USD	33,625		(867)
Total return swaps – equities	EUR/GBP/HKD/ INR/RON/USD	122,667		(40,194)
Total financial contracts payable, at fair value			$	(44,592)

[1] USD = US Dollar; EUR = Euro; GBP = British Pound; HKD = Hong Kong Dollar; KRW = Korean Won; RON = Romanian New Leu; INR = Indian Rupee.

[2] Includes options on the Japanese Yen and the Chinese Yuan, denominated in U.S. dollars.

Options are derivative financial instruments that give the buyer, in exchange for a premium payment, the right, but not the obligation, to either purchase from (call option) or sell to (put option) the writer, a specified underlying security at a specified price on or before a specified date. The Company enters into option contracts to meet certain investment objectives. For exchange traded option contracts, the exchange acts as the counterparty to specific transactions and therefore bears the risk of delivery to and from counterparties of specific positions.

As of December 31, 2015, the Company held $8.7 million OTC put options (long) (December 31, 2014: $22.4 million).

During the years ended December 31, 2015, 2014 and 2013, the Company reported gains and losses on derivatives as follows:

Derivatives not designated as hedging instruments	Location of gains and losses on derivatives recognized in income	Gain (loss) on derivatives recognized in income		
		Year ended December 31		
		2015	2014	2013
		($ in thousands)		
Commodity swaps	Net investment income (loss)	$ (12,061)	$ —	$ —
Credit default swaps, purchased – corporate debt	Net investment income (loss)	(156)	(345)	(3,552)
Credit default swaps, purchased – sovereign debt	Net investment income (loss)	(90)	(298)	(1,087)
Forwards	Net investment income (loss)	1,009	(490)	11,209
Futures	Net investment income (loss)	(952)	16,721	12,504
Interest rate options	Net investment income (loss)	—	(26)	(82)
Interest rate swaps	Net investment income (loss)	(706)	—	—
Options, warrants, and rights	Net investment income (loss)	(13,955)	1,020	21,446
Total return swaps – equities	Net investment income (loss)	(12,590)	13,142	85,638
Weather derivative swap	Other income (expense), net	(2,340)	—	—
Total		$ (41,841)	$ 29,724	$ 126,076

The Company generally does not enter into derivatives for risk management or hedging purposes. The volume of derivative activities varies from period to period depending on potential investment opportunities.

For the year ended December 31, 2015, the Company's volume of derivative activities (based on notional amounts) was as follows:

2015	Year ended December 31	
Derivatives not designated as hedging instruments (notional amounts)	Entered	Exited
	($ in thousands)	
Commodity swaps	$ 103,358	$ 43,261
Forwards	—	13,377
Futures	311,536	294,441
Interest rate swaps	9,139,000	7,213,000
Options, warrants and rights (1)	661,103	341,702
Total return swaps	67,844	185,128
Weather derivative swap	$ 12,000	$ 12,000
Total	$ 10,294,841	$ 8,102,909

(1) Exited amount excludes derivatives which expired or were exercised during the period.

For the year ended December 31, 2014, the Company's volume of derivative activities (based on notional amounts) was as follows:

2014	**Year ended December 31**	
Derivatives not designated as hedging instruments (notional amounts)	**Entered**	**Exited**
	($ in thousands)	
Forwards	$ —	$ 82,688
Futures	308,178	356,216
Options, warrants and rights [1]	1,044,241	314,876
Total return swaps	121,125	160,065
Total	$ 1,473,544	$ 913,845

[1] Exited amount excludes derivatives which expired or were exercised during the period.

The Company does not offset its derivative instruments and presents all amounts in the consolidated balance sheets on a gross basis. The Company has pledged cash collateral to derivative counterparties to support the current value of amounts due to the counterparties based on the value of the underlying security.

As of December 31, 2015, the gross and net amounts of derivative instruments and the cash collateral applicable to derivative instruments were as follows:

December 31, 2015	**(i)**	**(ii)**	**(iii) = (i) - (ii)**	**(iv) Gross amounts not offset in the balance sheet**		**(v) = (iii) + (iv)**
Description	**Gross amounts of recognized assets (liabilities)**	**Gross amounts offset in the balance sheet**	**Net amounts of assets (liabilities) presented in the balance sheet**	**Financial instruments available for offset**	**Cash collateral (received) pledged**	**Net amount of asset (liability)**
			($ in thousands)			
Financial contracts receivable	$ 13,215	$ —	$ 13,215	$ (8,937)	$ (2,036)	$ 2,242
Financial contracts payable	(28,245)	—	(28,245)	8,937	19,308	—

As of December 31, 2014, the gross and net amounts of derivative instruments and the cash collateral applicable to derivative instruments were as follows:

December 31, 2014	**(i)**	**(ii)**	**(iii) = (i) - (ii)**	**(iv) Gross amounts not offset in the balance sheet**		**(v) = (iii) + (iv)**
Description	**Gross amounts of recognized assets (liabilities)**	**Gross amounts offset in the balance sheet**	**Net amounts of assets (liabilities) presented in the balance sheet**	**Financial instruments available for offset**	**Cash collateral (received) pledged**	**Net amount of asset (liability)**
			($ in thousands)			
Financial contracts receivable	$ 47,171	$ —	$ 47,171	$ (24,265)	$ (9,452)	$ 13,454
Financial contracts payable	(44,592)	—	(44,592)	24,265	20,327	—

4. DUE TO PRIME BROKERS

As of December 31, 2015, the amount due to prime brokers is comprised of margin-borrowing from prime brokers relating to investments purchased on margin as well as the margin-borrowing for providing collateral to support some of the Company's outstanding letters of credit (see Notes 6 and 13) and trust accounts. Under term margin agreements and certain letter of credit facility agreements, the Company pledges certain investment securities to borrow cash from the prime brokers. The borrowed cash is placed in a custodial account in the name of the Company and this custodial account provides collateral for any letters of credit issued. Since there is no legal right of offset, the Company's liability for the cash borrowed from the prime brokers is included on the consolidated balance sheets as due to prime brokers while the cash held in the custodial account is included on the consolidated balance sheets as restricted cash and cash equivalents. At December 31, 2015, the amounts due to prime brokers included \$301.4 million (2014: \$135.0 million) of cash borrowed under the term margin agreements to provide collateral in the form of letters of credit and trust accounts, and \$95.0 million (2014: \$76.1 million) of borrowing relating to investing activities.

The Company's investment guidelines, among other stipulations in the guidelines, allow for up to 15% net margin leverage for extended periods of time and up to 30% net margin leverage relating to investing activities for periods of less than 30 days.

5. CASH AND CASH EQUIVALENTS

	December 31, 2015	December 31, 2014
	($ in thousands)	
Cash at banks	$ 41,260	$ 1,286
Cash held with brokers	68,029	8,604
Total cash and cash equivalents	$ 109,289	$ 9,890

Due to the short term nature of cash and cash equivalents, management believes the above noted carrying values approximate their fair value. Cash at banks include cash held at non-U.S. financial institutions which are not insured by the FDIC or any other deposit insurance programs.

6. RESTRICTED CASH AND CASH EQUIVALENTS

The Company is required to maintain certain cash in segregated accounts with prime brokers and swap counterparties. The amount of restricted cash held by prime brokers is primarily used to support the liability created from securities sold, not yet purchased and the amount of cash encumbered varies depending on the market value of the securities sold, not yet purchased. Swap counterparties also require cash collateral to support the current value of any amounts that may be due to the counterparty based on the value of the underlying security.

Restricted cash and cash equivalents also include amounts held by the Company to provide collateral required by the cedents in the form of trust accounts and letters of credit (see Notes 4 and 13). As of December 31, 2015 and 2014, the restricted cash and cash equivalents were comprised of the following:

	December 31, 2015	December 31, 2014
	($ in thousands)	
Cash held by prime brokers relating to securities sold, not yet purchased	$ 882,906	$ 1,090,731
Cash collateral relating to letters of credit issued	222,852	134,981
Cash held as collateral in trust accounts	78,584	—
Cash and cash equivalents held by swap counterparties	52,247	71,202
Total restricted cash and cash equivalents	$ 1,236,589	$ 1,296,914

7. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

At December 31, 2015 and 2014, loss and loss adjustment expense reserves were comprised of the following:

	2015	2014
	($ in thousands)	
Case reserves	$ 94,155	$ 108,600
IBNR	179,531	128,265
Total	$ 273,686	$ 236,865

A summary of changes in outstanding loss and loss adjustment expense reserves is as follows:

	2015	2014	2013
	($ in thousands)		
Gross balance at January 1	$ 236,865	$ 306,940	$ 344,339
Less: Losses recoverable	(11,523)	(16,829)	(34,447)
Net balance at January 1	225,342	290,111	309,892
Incurred losses related to:			
Current year	205,199	164,882	289,708
Prior years	54,396	16,204	(5,087)
Total incurred	259,595	181,086	284,621
Paid losses related to:			
Current year	(100,354)	(139,007)	(145,985)
Prior years	(111,939)	(105,068)	(158,844)
Total paid	(212,293)	(244,075)	(304,829)
Foreign currency revaluation	(2,291)	(1,780)	427
Net balance at December 31	270,353	225,342	290,111
Add: Losses recoverable	3,333	11,523	16,829
Gross balance at December 31	$ 273,686	$ 236,865	$ 306,940

For the year ended December 31, 2015, the net losses incurred included $54.4 million related to net adverse loss development on reserves relating to prior years. During the year ended December 31, 2015, the loss development on prior year contracts primarily related to the following:

- $36.9 million of adverse loss development relating to a general liability contract originally written from 2008 to 2011. This contract contains underlying construction defect liability coverage predominantly on single family homes. During the third quarter of 2015, we completed an in-depth analysis, with the assistance of a third party expert, of the construction defect claims reported and the potential for claims not yet reported on this contract. Based on this assessment, we revised the actuarial methodology used for reserving the construction defect claims on this contract, which resulted in an increase in incurred but not reported losses;

- $14.7 million of adverse loss development relating to a general liability contract originally written in 2010. This contract contains underlying construction defect liability coverage. Based on updated data received from the insured, we conducted additional actuarial analysis and updated our actuarial input parameters based on consultation with external industry experts. As a result, the average estimated cost per claim was increased;

- $9.3 million of adverse loss development relating to our Florida homeowners' insurance contracts as a result of deterioration of sinkhole claims, higher than anticipated water damage claims from rainstorms and an increase in the practice of "assignment of benefits" whereby homeowners assign their rights for filing and settling claims to attorneys and public adjusters which led to increases in the frequency of claims reported as well as the severity of loss adjustment expenses. However, because some of these contracts included sliding scale ceding commission rates, the increase in loss reserves was partially offset by a $5.1 million decrease in ceding commissions and profit commissions recorded as acquisition costs;

- $2.1 million of net adverse loss development relating to our solicitors' professional indemnity contracts as a result of multiple large claims reported during the period and an increase in incurred losses;

- $5.1 million of favorable loss development relating to an excess of loss property contract resulting in elimination of loss reserve based on updated loss information received from the insured during the period indicating that no losses will breach into our layer of coverage. The decrease in loss reserve was more than offset by a reversal of $2.5 million of earned premiums and an accrual of $3.4 million of profit commission recorded as acquisition costs;

- $3.0 million of favorable loss development relating to private passenger motor contracts during the period. The decrease in loss reserve was partially offset by $2.2 million of additional ceding commissions recorded as acquisition costs;

- $1.3 million of loss reserves released upon commutation of a private passenger motor contract during the period. The decrease in loss reserve was partially offset by $1.1 million of additional ceding commissions incurred as part of the commutation agreement.

There were no other significant developments of prior period loss reserves during the year ended December 31, 2015.

For the year ended December 31, 2014, the net losses incurred included $16.2 million related to net adverse loss development on reserves relating to prior years. During the year ended December 31, 2014, the loss development on prior year contracts primarily related to the following:

- $7.8 million of adverse loss development, relating to a general liability contract currently in run-off. Loss reserves were increased on this contract after a detailed actuarial review of existing claims data received from the client which reported an increase in the number of open claims. The loss reserves were also increased to take into account the corresponding claims handling fees expected to be incurred to settle the open claims;

- $7.1 million of adverse loss development, net of retrocession recoveries, relating to commercial motor claims on a multi-line quota share contract currently in run-off. Loss reserves were increased on this contract after a detailed actuarial review of existing claims data received from the client which reported significant increases in incurred losses on some claims as well as an increase in the number of open claims;

- $4.0 million of adverse loss development relating to a solicitors' professional indemnity contract as a result of a combination of large claims reported and increases in case reserves on several smaller claims. Loss reserves were increased on this contract after a detailed review of existing claims data received from the client, audits of claim files at the third party claims administrator and actuarial analysis based on all available information. The contract terms included sliding scale ceding commission rates and profit commissions. As a result, the increase in loss reserves was offset by a $0.6 million decrease in ceding commissions and profit commissions which were recorded as decreases to acquisition costs; and

- $3.0 million of favorable loss development relating to private passenger automobile business, primarily as a result of better than expected loss development noted on our private passenger automobile contracts after a detailed review of existing claims data received from the clients, audits of claim files and actuarial analysis based on all available information. Since these contracts included sliding scale ceding commission rates, the decrease in loss reserves was offset by a $1.6 million increase in ceding commissions recorded as acquisition costs.

There were no other significant developments of prior period loss reserves during the year ended December 31, 2014.

For the year ended December 31, 2013, the net losses incurred included $5.1 million related to net favorable loss development on reserves relating to prior years. During the year ended December 31, 2013, the loss development on prior year contracts primarily related to the following:

- Elimination of $15.0 million of reserves relating to super-storm Sandy based on additional information received from the client which indicated that the losses would not exceed the threshold of coverage provided under the contract. As a result of the reversal of loss reserves, the Company also reversed reinstatement premiums earned of $2.6 million;

- $4.0 million of favorable loss development, relating to commercial automobile business due to better than expected loss development on open claims and settling of claims at lower amounts than expected. Loss reserves were decreased on these contracts after a detailed review of existing claims data received from the clients, audits of claim files at the third party claims administrators and actuarial analysis based on all available information;

- $3.0 million favorable loss development relating to a private passenger automobile contract as a result of final settlement of losses upon commutation of the contract at an amount lower than originally reserved. However, because this contract included a sliding scale ceding commission rate, the decrease in loss reserves was offset by a $2.3 million increase in ceding commissions recorded as acquisition costs;

- $2.4 million favorable loss development relating to Florida homeowners' insurance business due to better than expected development on sinkhole claims, primarily as a result of legislative changes implemented in the State of Florida during 2012;

- $17.7 million of adverse loss development, net of retrocession recoveries, relating to general liability business. Loss reserves were increased on these contracts after a detailed review of existing claims data received from the clients, audits of claim files at the third party claims administrators and actuarial analysis based on all available information; and

- $4.0 million of adverse loss development on a 2007 casualty clash contract based on updated claims and loss information received from the client. The new information indicated that ground up losses under the contract estimated by the client had increased resulting in additional losses attaching to the Company’s layer. As a result of this increase in loss reserves, the Company recorded reinstatement premiums of $1.2 million.

There were no other significant developments of prior period loss reserves during the year ended December 31, 2013.

8. RETROCESSION

The Company, from time to time, purchases retrocessional coverage for one or more of the following reasons: to manage its overall exposure, to reduce its net liability on individual risks, to obtain additional underwriting capacity and to balance its underwriting portfolio. Additionally, retrocession can be used as a mechanism to share the risks and rewards of business written and therefore can be used as a tool to align the Company's interests with those of its counterparties. The Company currently has coverages that provide for recovery of a portion of loss and loss expenses incurred on certain contracts. Loss and loss adjustment expense recoverable from the retrocessionaires are recorded as assets.

For the year ended December 31, 2015, loss and loss adjustment expenses incurred of $259.6 million (2014: $181.1 million and 2013: $284.6 million) reported on the consolidated statements of income are net of loss and loss expenses recovered and recoverable of $1.6 million (2014: $4.4 million and 2013: $(10.2) million). The negative loss and loss adjustment expenses recovered for the year ended December 31, 2013, were due to reversal of loss reserves on retrocession contracts that were novated during 2013.

Retrocession contracts do not relieve the Company from its obligations to the insureds. Failure of retrocessionaires to honor their obligations could result in losses to the Company. At December 31, 2015, the Company had losses receivable and loss reserves recoverable of $3.1 million (December 31, 2014: $11.5 million) with unrated retrocessionaires. During 2015, the Company reached a settlement to commute a retrocession contract with one of the unrated retrocessionaires, which commutation resulted in a decrease in the losses recoverable from unrated retrocessionaires. At December 31, 2015 and 2014, $3.1 million and 9.5 million, respectively, of losses recoverable from unrated retrocessionaires were secured by cash collateral held by the Company.

The Company regularly evaluates the financial condition of its retrocessionaires to assess the ability of the retrocessionaires to honor their respective obligations. At December 31, 2015 and 2014, no provision for uncollectible losses recoverable was considered necessary.

9. SHARE CAPITAL

The holders of all ordinary shares are entitled to share equally in dividends declared by the Board of Directors. In the event of a winding-up or dissolution of the Company, the ordinary shareholders share equally and ratably in the assets of the Company, after payment of all debts and liabilities of the Company and after liquidation of any issued and outstanding preferred shares. The Board of Directors is authorized to establish the rights and restrictions for preferred shares as they deem appropriate.

The Amended and Restated Memorandum and Articles of Association (the "Articles") provides that the holders of ordinary shares generally are entitled to one vote per share. The Company is subject to the Cayman Islands' Insurance (Capital and Solvency) (Classes B, C, and D Insurers) Regulations, 2012 (the "Insurance Regulations"). The Insurance Regulations impose a Minimum Capital Requirement of US$50 million and a Prescribed Capital Requirement on the Company of $466.5 million as of December 31, 2015. The Company’s statutory capital and surplus of $788.9 million exceeded the Minimum Capital Requirement as well as the Prescribed Capital Requirement.

Any dividends declared and paid from the Company to its shareholder would require approval of CIMA. As of December 31, 2015 and 2014, $322.4 million and $658.8 million, respectively, of the Company's capital and surplus was available for distribution as dividends. During the year ended December 31, 2015, $5.0 million (2014: nil, 2013: nil) of dividends were declared and paid by the Company to its parent.

Additional paid-in capital includes the premium per share paid by the subscribing shareholder for Class A and B ordinary shares which have a par value of $0.10 each.

10. NET INVESTMENT INCOME

A summary of net investment income for the years ended December 31, 2015, 2014 and 2013 is as follows:

	2015	2014	2013
	($ in thousands)		
Realized gains (losses)	$ 22,227	$ 347,633	$ 122,568
Change in unrealized gains and losses	(265,401)	(187,753)	149,012
Investment related foreign exchange gains (losses)	(3,725)	14,797	44,492
Interest and dividend income, net of withholding taxes	15,339	30,876	21,569
Interest, dividend and other expenses	(31,074)	(38,762)	(41,403)
Investment advisor compensation	(19,246)	(49,133)	(72,532)
Net investment income (loss)	$ (281,880)	$ 117,658	$ 223,706

Interest and dividend income in the above table are net of any withholding taxes. Investment returns are calculated monthly and compounded to calculate the annual returns. The resulting actual investment income may vary depending on cash flows into or out of the investment account. For the year ended December 31, 2015, investment income, net of all fees and expenses, resulted in a loss of 20.2% on the investment portfolio. This compares to a gain of 8.7% and a gain of 19.6% reported for the years ended December 31, 2014 and 2013, respectively.

The comparative 2014 and 2013 amounts presented for realized gains and losses, change in unrealized gain and losses and investment related foreign exchange gains andlosses have been reclassified to conform to the current period presentation. The reclassifications resulted in no changes to net investment income (loss), net income (loss) or retained earnings for any of the periods presented.

11. TAXATION

The Company is domiciled in the Cayman Islands and under current Cayman Islands law, no corporate entity, including the Company, is obligated to pay taxes in the Cayman Islands on either income or capital gains. The Company intends to conduct all of its operations in a manner that will not cause it to be treated as engaging in a trade or business within the United States and will not cause it to be subject to current U.S. federal income taxation on its net income. However, because there are no definitive standards provided by the Internal Revenue Code, regulations or court decisions as to the specific activities that constitute being engaged in the conduct of a trade or business within the United States, and as any such determination is essentially factual in nature, there can be no assurance that the IRS will not successfully assert that the Company is engaged in a trade or business within the U.S.

Federal Excise Taxes

The United States also imposes an excise tax on reinsurance premiums paid to non-U.S. insurers or reinsurers with respect to risks located in the United States. The rate of tax, unless exempted or reduced by an applicable U.S. tax treaty, is 1.0% for all reinsurance premiums. The Company incurs federal excise taxes on certain of its reinsurance transactions, including amounts ceded through intercompany transactions. For the years ended 2015 and 2014 the Company incurred approximately $3.3 million and $2.2 million, respectively, of federal excise taxes. These amounts are reflected as acquisition costs in the Company's consolidated statements of income.

12. RELATED PARTY TRANSACTIONS

Investment Advisory Agreement

Effective January 1, 2014, the Company was a party to a joint venture agreement with DME Advisors, LP ("DME Advisors") under which the Company, GRIL and DME are participants of a joint venture for the purpose of managing certain jointly held assets, as may be amended from time to time (the "venture agreement"). In addition, the Company, GRIL and DME have entered into a separate investment advisory agreement with DME Advisors, as may be amended from time to time, (the "advisory agreement"). DME and DME Advisors are related to the Company and each is an affiliate of David Einhorn, Chairman of the Company's Board of Directors.

Pursuant to the venture agreement, performance allocation equal to 20% of the net investment income of the Company's share of the account managed by DME Advisors is allocated, subject to a loss carry forward provision, to DME's account. The loss carry forward provision requires DME to earn a reduced performance allocation of 10% on net investment income in any year subsequent to the year in which the investment account incurs a loss, until all the losses are recouped and an additional amount equal to 150% of the aggregate investment loss is earned. DME is not entitled to earn a performance allocation in a year in which the investment portfolio incurs a loss. For the year ended December 31, 2015, no performance allocation (2014: $28.5 million, 2013: $54.2 million) was netted against gross investment income due to a net investment loss reported for the year ended December 31, 2015.

Pursuant to the advisory agreement, a monthly management fee, equal to 0.125% (1.5% on an annual basis) of the Company's investment account managed by DME Advisors, is paid to DME Advisors. Included in the net investment income (loss) for the year ended December 31, 2015 were management fees of $19.2 million (2014: $20.6 million, 2013: $18.3 million). The management fees have been fully paid as of December 31, 2015.

Pursuant to the venture and advisory agreements, the Company has agreed to indemnify DME and DME Advisors for any expense, loss, liability, or damage arising out of any claim asserted or threatened in connection with DME Advisors serving as the Company's investment advisor. The Company will reimburse DME and DME Advisors for reasonable costs and expenses of investigating and/or defending such claims, provided such claims were not caused due to gross negligence, breach of contract or misrepresentation by DME or DME Advisors. For the year ended December 31, 2015, there were no indemnification payments payable or paid by the Company.

Green Brick Partners, Inc

David Einhorn also serves as the Chairman of the Board of Directors of Green Brick Partners, Inc ("GRBK"), a publicly traded company. During the year ended December 31, 2014, the Company, along with certain affiliates of DME Advisors, provided debt financing to GRBK and acquired equity shares of GRBK. During the year ended December 31, 2015, the Company's investment income included $1.0 million (2014: $0.4 million) of interest relating to this debt. During the third quarter of 2015, GRBK repaid the debt (2014: $21.6 million) in full along with all accrued interest and prepayment fees, and the Company purchased additional equity shares of GRBK. As of December 31, 2015, $25.0 million (2014: $18.4 million) of GRBK listed equities were included on the balance sheet as "equity securities, trading, at fair value". The Company along with certain affiliates of DME Advisors, collectively own 49% of the issued and outstanding common shares of GRBK. Under applicable securities laws, DME Advisors may be limited at times in its ability to trade GRBK shares on behalf of the Company.

Due to / from Parent

At December 31, 2015 the amount due from parent related to non-interest bearing, unsecured loans and was repayable on demand.

At December 31, 2014 the amount due from parent related to non-interest bearing, unsecured loans and was repayable on demand.

Due to / from Affiliates

At December 31, 2015, the Company had $0.9 million (2014: $0.1 million) due from affiliates which is non-interest bearing, unsecured and is repayable on demand.

The Company has entered into a quota share retrocession agreement with GRIL whereby the Company assumes from GRIL a quota share portion of certain specified reinsurance contracts written by GRIL. For the year ended December 31, 2015, the Company assumed $17.6 million (2014: $6.8 million) of written premiums from GRIL.

The Company has entered into an retrocession agreement with GRIL whereby the Company provides an aggregate stop loss protection to GRIL in return for premiums ceded by GRIL to the company. For the year ended December 31, 2015, GRIL ceded $1.7 million (2014: $1.7 million) of written premiums to the Company. During the year ended December 31, 2015, the threshold for coverage was not breached which resulted in no losses paid by the Company to GRIL (2014: $0.5 million was paid to GRIL).

13. COMMITMENTS AND CONTINGENCIES

Letters of Credit

At December 31, 2015, the Company had the following letter of credit facilities, which automatically renew each year unless terminated by either party in accordance with the required notice period:

	Facility	Termination Date	Notice period required for termination
	($ in thousands)		
Bank of America, N.A.	$ 120,000	July 11, 2016	90 days prior to termination date
Butterfield Bank (Cayman) Limited	100,000	June 30, 2016	90 days prior to termination date
Citibank Europe plc	400,000	October 11, 2016	120 days prior to termination date
JP Morgan Chase Bank N.A.	100,000	January 27, 2017	120 days prior to termination date
	$ 720,000		

As of December 31, 2015, an aggregate amount of $245.6 million (2014: $273.7 million) in letters of credit were issued under the above facilities. Under the facilities, the Company provides collateral that may consist of equity securities, restricted cash and cash and cash equivalents. As of December 31, 2015, total equity securities, restricted cash, and cash and cash equivalents with a fair value in the aggregate of $324.3 million (2014: $302.6 million) were pledged as collateral against the letters of credit issued (also see Note 4). Each of the facilities contain customary events of default and restrictive covenants, including but not limited to, limitations on liens on collateral, transactions with affiliates, mergers and sales of assets, as well as solvency and maintenance of certain minimum pledged equity requirements, and restricts issuance of any debt without the consent of the letter of credit provider. Additionally, if an event of default exists, as defined in the letter of credit facilities, Greenlight Re will be prohibited from paying dividends to its parent company. The Company was in compliance with all the covenants of each of these facilities as of December 31, 2015 and 2014.

The Company issues letters of credit on behalf of GRIL, from the above facilities, for the benefit of GRIL's insureds. The collateral pledged as security relating to these letters of credit is also provided by the Company. In the event that GRIL's insureds draw upon any letters of credit, GRIL shall be obligated to reimburse the Company the amount of the letters of credit drawn by the insured. As of December 31, 2015, $37.3 million of letters of credit were issued by the Company on behalf of GRIL (2014: $23.9 million) and no letters of credits were drawn by GRIL's insureds for the years ended December 31, 2015 and 2014.

Operating Lease Obligations

The Company has entered into lease agreements for office space in the Cayman Islands. Under the terms of the lease agreements, The Company is committed to annual rent payments ranging from $0.3 million at inception to $0.5 million at lease termination. The leases expire on June 30, 2018 and the Company has the option to renew the leases for a further five year term. Included in the schedule below are the minimum lease payment obligations relating to these leases as of December 31, 2015.

The total rent expense related to leased office space for the year ended December 31, 2015 was $440,214 (2014: $440,214, 2013: $384,355).

Private Equity and Limited Partnerships

From time to time, the Company makes investments in private equity vehicles. As part of the Company's participation in such private equity investments, the Company may make funding commitments. As of December 31, 2015, the Company had commitments to invest an additional $6.1 million (2014: $8.9 million) in private equity investments. Included in the schedule below are the minimum payment obligations relating to these investments as of December 31, 2015.

Schedule of Commitments and Contingencies

The following is a schedule of future minimum payments required under the above commitments:

	2016	2017	2018	2019	2020	Thereafter	Total
				($ in thousands)			
Operating lease obligations	$ 466	$ 466	$ 233	$ —	$ —	$ —	$ 1,165
Private equity and limited partnerships (1)	6,107	—	—	—	—	—	6,107
	$ 6,573	$ 466	$ 233	$ —	$ —	$ —	$ 7,272

(1) Given the nature of these investments, the Company is unable to determine with any degree of accuracy when these commitments will be called. Therefore, for purposes of the above table, the Company has assumed that all commitments with no fixed payment schedules will be called during the year ending December 31, 2016.

Litigation

From time to time in the normal course of business, the Company may be involved in formal and informal dispute resolution procedures, which may include arbitration or litigation, the outcomes of which determine the rights and obligations under the Company's reinsurance contracts and other contractual agreements. In some disputes, the Company may seek to enforce its rights under an agreement or to collect funds owing to it. In other matters, the Company may resist attempts by others to collect funds or enforce alleged rights. While the final outcome of legal disputes cannot be predicted with certainty, the Company does not believe that any existing dispute, when finally resolved, will have a material adverse effect on the Company's business, financial condition or operating results.

14. SEGMENT REPORTING

The Company manages its business on the basis of one operating segment, Property & Casualty Reinsurance.

Substantially all of the business is sourced through reinsurance brokers. The following table sets forth the premiums sourced from brokers who each accounted for more than 10% of the Company's gross written premiums:

	Year ended December 31					
	2015		2014		2013	
	($ in thousands)					
Largest broker	$ 222,402	53.6%	$ 132,235	52.4%	$ 245,323	52.9%
2nd largest broker	67,838	16.4	40,773	16.2	119,117	25.7
3rd largest broker	—	—	—	—	—	—
	$ 290,240	70.0%	$ 173,008	68.6%	$ 364,440	78.6%

The following tables provide a breakdown of the Company's gross premiums written by line of business and by geographic area of risks insured for the periods indicated:

Gross Premiums Written by Line of Business

	Year ended December 31					
	2015		2014		2013	
	($ in thousands)					
Property						
Aviation	$ 572	0.1%	$ 336	0.1%	$ 134	—%
Commercial	15,972	3.9	11,319	4.5	9,985	2.2
Energy	1,661	0.4	1,705	0.7	527	0.1
Motor physical damage	27,562	6.6	19,615	7.8	54,250	11.7
Personal	57,022	13.8	64,479	25.6	145,807	31.4
Total Property	102,789	24.8	97,454	38.7	210,703	45.4
Casualty						
General liability (1)	28,113	6.8	11,689	4.6	(815)	(0.2)
Marine liability	7,744	1.9	4,257	1.7	1,657	0.4
Motor liability	158,582	38.2	103,080	40.8	220,386	47.5
Professional liability	71,478	17.2	26,799	10.6	29,932	6.5
Total Casualty	265,917	64.1	145,825	57.7	251,160	54.2
Specialty						
Financial	7,596	1.8	5,247	2.1	3,498	0.8
Health	25,860	6.2	3,087	1.2	2,981	0.6
Workers' compensation (1)	12,633	3.1	726	0.3	(4,215)	(1.0)
Total Specialty	46,089	11.1	9,060	3.6	2,264	0.4
	$ 414,795	100.0%	$ 252,339	100.0%	$ 464,127	100.0%

(1) The negative balance represents reversal of premiums due to premium adjustments, termination of contracts or premiums returned upon novation or commutation of contracts.

	Gross Premiums Written by Geographic Area of Risks Insured					
	Year ended December 31					
	2015		2014		2013	
	($ in thousands)					
U.S. and Caribbean	$ 300,304	72.4%	$ 203,805	80.8%	$ 423,315	91.2%
Worldwide [1]	105,161	25.4	29,422	11.7	9,341	2.0
Europe	8,863	2.1	19,029	7.5	31,471	6.8
Asia	467	0.1	83	—	—	—
	$ 414,795	100.0%	$ 252,339	100.0%	$ 464,127	100.0%

(1) "Worldwide" is comprised of contracts that reinsure risks in more than one geographic area and do not specifically exclude the U.S.