

Flagstone Reinsurance Holdings Ltd
Form 10-Q
November 07, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☐ Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2008

OR

○ Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission file number 001-33364

Flagstone Reinsurance Holdings Limited
(Exact Name of Registrant as Specified in Its Charter)

Bermuda
(State or Other Jurisdiction of
Incorporation or Organization)

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

Crawford House
23 Church Street
Hamilton HM 11
Bermuda
(Address of Principal Executive Offices)

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

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

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

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

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Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 6, 2008 the Registrant had 84,685,896 common voting shares outstanding, with a par value of \$0.01 per share.

FLAGSTONE REINSURANCE HOLDINGS LIMITED
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	As at September 30, 2008 (Unaudited)	As at December 31, 2007
ASSETS		
Investments:		
Fixed maturities, at fair value (Amortized cost: 2008 - \$710,100; 2007 - \$1,099,149)	\$ 697,839	\$ 1,109,105
Short term investments, at fair value (Amortized cost: 2008 - \$29,896; 2007 - \$23,660)	29,888	23,616
Equity investments, at fair value (Cost: 2008 - \$84,301; 2007 - \$73,603)	78,426	74,357
Other investments	423,144	293,166
Total Investments	1,229,297	1,500,244
Cash and cash equivalents	635,623	362,680
Premium balances receivable	275,778	136,555
Unearned premiums ceded	41,789	14,608
Reinsurance recoverable	14,599	1,355
Accrued interest receivable	5,854	9,915
Receivable for investments sold	31,749	-
Deferred acquisition costs	52,502	30,607
Funds withheld	11,915	6,666
Goodwill	13,068	10,781
Intangible assets	775	775
Other assets	101,974	29,587
Due from related parties	293	-
Total Assets	\$ 2,415,216	\$ 2,103,773
LIABILITIES		
Loss and loss adjustment expense reserves	\$ 392,462	\$ 180,978
Unearned premiums	350,786	175,607
Insurance and reinsurance balances payable	32,984	12,088
Payable for investments purchased	4,944	41,750
Long term debt	252,838	264,889
Other liabilities	104,772	33,198
Total Liabilities	1,138,786	708,510
Minority Interest	192,011	184,778

SHAREHOLDERS' EQUITY

Common voting shares, 150,000,000 authorized, \$0.01 par value, issued and outstanding (2008 - 85,346,325; 2007 - 85,309,107)	853	853
Additional paid-in capital	899,920	905,316
Accumulated other comprehensive income	8,608	7,426
Retained earnings	175,038	296,890
Total Shareholders' Equity	1,084,419	1,210,485
Total Liabilities, Minority Interest and Shareholders' Equity		
	\$ 2,415,216	\$ 2,103,773

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

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FLAGSTONE REINSURANCE HOLDINGS LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE (LOSS) INCOME
(Expressed in thousands of U.S. dollars, except share and per share data)

For the Three Months Ended		For the Nine Months
September	September	Ended
30, 2008	30, 2007	