

VALIDUS HOLDINGS LTD

Form 10-Q

November 06, 2015

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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, 2015

Commission file number 001-33606

VALIDUS HOLDINGS, LTD.

(Exact name of registrant as specified in its charter)

BERMUDA

(State or other jurisdiction of
incorporation or organization)

29 Richmond Road, Pembroke, Bermuda HM 08
(Address of principal executive offices and zip code)
(441) 278-9000

(Registrant's telephone number, including area code)

98-0501001

(I.R.S. Employer
Identification No.)

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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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 4, 2015 there were 81,923,744 outstanding Common Shares, \$0.175 par value per share, of the registrant.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Validus Holdings, Ltd.

Consolidated Balance Sheets

As at September 30, 2015 (unaudited) and December 31, 2014

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

	September 30, 2015 (unaudited)	December 31, 2014
Assets		
Fixed maturities, at fair value (amortized cost: 2015—\$5,581,846; 2014—\$5,534,494)	\$5,578,856	\$5,532,731
Short-term investments, at fair value (amortized cost: 2015—\$1,661,705; 2014—\$1,051,222)	1,661,687	1,051,074
Other investments, at fair value (cost: 2015—\$864,651; 2014—\$879,176)	817,374	813,011
Cash and cash equivalents	408,485	577,240
Restricted cash	74,002	173,003
Total investments and cash	8,540,404	8,147,059
Investments in affiliates	347,962	261,483
Premiums receivable	1,062,654	707,647
Deferred acquisition costs	225,065	161,295
Prepaid reinsurance premiums	125,547	81,983
Securities lending collateral	6,461	470
Loss reserves recoverable	385,212	377,466
Paid losses recoverable	21,681	38,078
Income taxes recoverable	15,870	—
Deferred tax asset	22,352	23,821
Receivable for investments sold	15,055	18,318
Intangible assets	122,676	126,924
Goodwill	196,758	195,897
Accrued investment income	23,755	24,865
Other assets	124,511	164,633
Total assets	\$ 11,235,963	\$ 10,329,939
Liabilities		
Reserve for losses and loss expenses	\$3,169,334	\$3,234,394
Unearned premiums	1,281,319	990,564
Reinsurance balances payable	90,838	127,128
Securities lending payable	6,927	936
Deferred tax liability	8,921	5,541
Payable for investments purchased	118,164	68,574
Accounts payable and accrued expenses	248,834	318,245
Notes payable to AlphaCat investors	1,443,198	671,465
Senior notes payable	247,387	247,306
Debentures payable	538,054	539,277
Total liabilities	\$7,152,976	\$6,203,430

Commitments and contingent liabilities		
Redeemable noncontrolling interest	—	79,956
Shareholders' equity		
Common shares, 571,428,571 authorized, par value \$0.175 (Issued: 2015—158,434,541; 2014—155,554,224; Outstanding: 2015—81,997,891; 2014—83,869,845)	\$27,726	\$27,222
Treasury shares (2015—76,436,650; 2014—71,684,379)	(13,376)	(12,545)
Additional paid-in-capital	1,048,917	1,207,493
Accumulated other comprehensive loss	(10,869)	(8,556)
Retained earnings	2,592,162	2,374,344
Total shareholders' equity available to Validus	3,644,560	3,587,958
Noncontrolling interest	438,427	458,595
Total shareholders' equity	\$4,082,987	\$4,046,553
Total liabilities, noncontrolling interests and shareholders' equity	\$11,235,963	\$10,329,939
The accompanying notes are an integral part of these Consolidated Financial Statements (unaudited).		

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Validus Holdings, Ltd.

Consolidated Statements of Comprehensive Income

For the Three and Nine Months Ended September 30, 2015 and 2014 (unaudited)

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

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2015	2014	2015	2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues				
Gross premiums written	\$401,681	\$ 358,974	\$2,248,147	\$ 2,026,639
Reinsurance premiums ceded	(48,425)	(30,137)	(294,161)	(275,610)
Net premiums written	353,256	328,837	1,953,986	1,751,029
Change in unearned premiums	202,203	165,859	(247,191)	(307,373)
Net premiums earned	555,459	494,696	1,706,795	1,443,656
Net investment income	31,524	25,261	96,153	69,909
Net realized (losses) gains on investments	(41,906)	4,595	(35,493)	16,193
Change in net unrealized (losses) gains on investments	(34,908)	(84,974)	19,766	16,146
Income from investment affiliate	2,482	1,754	5,542	7,881
Other insurance related income and other (loss)	8,187	(4,080)	15,559	14,985
Foreign exchange losses	(2,274)	(11,441)	(9,061)	(14,761)
Total revenues	518,564	425,811	1,799,261	1,554,009
Expenses				
Losses and loss expenses	258,258	224,125	765,333	545,541
Policy acquisition costs	105,091	86,404	308,152	251,006
General and administrative expenses	95,999	83,319	263,990	231,606
Share compensation expenses	9,983	8,764	28,279	24,252
Finance expenses	17,498	15,354	55,085	47,380
Transaction expenses	—	149	—	3,401
Total expenses	486,829	418,115	1,420,839	1,103,186
Income before taxes, income from operating affiliates and (income) attributable to AlphaCat investors	31,735	7,696	378,422	450,823
Tax (expense) benefit	(2,018)	953	(7,132)	(398)
Income from operating affiliates	5,526	3,761	12,083	13,580
(Income) attributable to AlphaCat investors	(40,256)	(25,807)	(94,341)	(82,833)
Net (loss) income	\$(5,013)	\$(13,397)	\$289,032	\$ 381,172
Net loss (income) attributable to noncontrolling interest	71,663	53,069	15,042	(25,745)
Net income available to Validus	\$66,650	\$ 39,672	\$304,074	\$ 355,427
Other comprehensive loss				
Change in foreign currency translation adjustments	(1,850)	(5,198)	(2,106)	(2,121)
Change in minimum pension liability, net of tax	(28)	—	129	—
Change in fair value of cash flow hedge	75	—	(336)	—
Other comprehensive loss	\$(1,803)	\$(5,198)	\$(2,313)	\$(2,121)

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Comprehensive income available to Validus	\$64,847	\$ 34,474	\$301,761	\$ 353,306
Earnings per share				
Weighted average number of common shares and common share equivalents outstanding				
Basic	82,635,316	90,593,329	83,296,703	91,665,950
Diluted	85,629,494	91,939,610	86,841,927	95,937,641
Basic earnings per share available to common shareholders	\$0.79	\$ 0.42	\$3.61	\$ 3.83
Earnings per diluted share available to common shareholders	\$0.78	\$ 0.41	\$3.50	\$ 3.70
Cash dividends declared per share	\$0.32	\$ 0.30	\$0.96	\$ 0.90

The accompanying notes are an integral part of these Consolidated Financial Statements (unaudited).

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Validus Holdings, Ltd.

Consolidated Statements of Shareholders' Equity

For the Nine Months Ended September 30, 2015 and 2014 (unaudited)

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

	September 30, 2015 (unaudited)	September 30, 2014 (unaudited)
Common shares		
Balance - Beginning of period	\$27,222	\$27,036
Common shares issued, net	504	133
Balance - End of period	\$27,726	\$27,169
Treasury shares		
Balance - Beginning of period	\$(12,545)	\$(10,228)
Repurchase of common shares	(831)	(1,347)
Balance - End of period	\$(13,376)	\$(11,575)
Additional paid-in capital		
Balance - Beginning of period	\$1,207,493	\$1,677,894
Common shares issued, net	16,231	(3,822)
Repurchase of common shares	(203,086)	(285,179)
Share compensation expenses	28,279	24,252
Balance - End of period	\$1,048,917	\$1,413,145
Accumulated other comprehensive loss		
Balance - Beginning of period	\$(8,556)	\$(617)
Other comprehensive loss	(2,313)	(2,121)
Balance - End of period	\$(10,869)	\$(2,738)
Retained earnings		
Balance - Beginning of period	\$2,374,344	\$2,010,009
Dividends	(86,256)	(89,027)
Net income	289,032	381,172
Net loss (income) attributable to noncontrolling interest	15,042	(25,745)
Balance - End of period	\$2,592,162	\$2,276,409
Total shareholders' equity available to Validus	\$3,644,560	\$3,702,410
Noncontrolling interest	\$438,427	\$522,287
Total shareholders' equity	\$4,082,987	\$4,224,697
The accompanying notes are an integral part of these Consolidated Financial Statements (unaudited).		

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Validus Holdings, Ltd.

Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2015 and 2014 (unaudited)

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

	September 30, 2015 (unaudited)	September 30, 2014 (unaudited)
Cash flows provided by (used in) operating activities		
Net income	\$289,032	\$381,172
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Share compensation expenses	28,279	24,252
Loss (gain) on deconsolidation/sale of subsidiary	1,777	(2,081)
Amortization of discount on senior notes	81	81
Income from investment affiliate	(5,542)	(7,881)
Net realized losses (gains) on investments	35,493	(16,193)
Change in net unrealized gains on investments	(19,766)	(16,146)
Amortization of intangible assets	4,248	3,120
Income from operating affiliates	(12,083)	(13,580)
Foreign exchange losses included in net income	16,549	10,841
Amortization of premium on fixed maturities	17,866	11,922
Change in:		
Premiums receivable	(357,285)	(241,175)
Deferred acquisition costs	(63,770)	(52,008)
Prepaid reinsurance premiums	(43,564)	(26,558)
Loss reserves recoverable	(9,111)	70,444
Paid losses recoverable	16,408	17,245
Income taxes recoverable	(16,088)	—
Deferred tax asset	1,390	—
Accrued investment income	1,059	3,431
Other assets	38,400	30,125
Reserve for losses and loss expenses	(55,889)	(271,063)
Unearned premiums	290,755	333,933
Reinsurance balances payable	(35,457)	(12,836)
Deferred tax liability	3,323	(7,385)
Accounts payable and accrued expenses	(74,227)	(70,809)
Net cash provided by operating activities	51,878	148,851
Cash flows provided by (used in) investing activities		
Proceeds on sales of investments	2,888,919	3,585,728
Proceeds on maturities of investments	260,179	466,872
Purchases of fixed maturities	(3,164,787)	(3,160,512)
Purchases of short-term investments, net	(639,211)	(933,148)
Purchases of other investments, net	(26,648)	(47,752)
Increase in securities lending collateral	(5,991)	(5,664)
Investment in operating affiliates	(10,400)	—
Redemption from operating affiliates	57,402	58,547

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Investment in investment affiliates	(19,086) —
Decrease (increase) in restricted cash	99,001	(7,856)
Proceeds on sale of subsidiary, net of cash	—	16,459
Net cash used in investing activities	(560,622	) (27,326)
Cash flows provided by (used in) financing activities		
Proceeds on issuance of notes payable to AlphaCat investors	1,307,789	645,243
Repayments on notes payable to AlphaCat investors	(709,059	) (602,068)
Issuance (redemption) of common shares, net	16,735	(3,689)
Purchases of common shares under share repurchase program	(203,917	) (286,526)
Dividends paid	(86,423	) (89,719)
Increase in securities lending payable	5,991	5,664
Third party investment in redeemable noncontrolling interest	55,700	61,200
Third party redemption of redeemable noncontrolling interest	(19,395	) (10,496)
Net cash provided by (used in) financing activities	367,421	(280,391)
Effect of foreign currency rate changes on cash and cash equivalents	(27,432	) (11,293)
Net decrease in cash	(168,755	) (170,159)
Cash and cash equivalents - beginning of period	\$577,240	\$734,148
Cash and cash equivalents - end of period	\$408,485	\$563,989
Taxes paid during the period	\$14,959	\$7,286
Interest paid during the period	\$46,847	\$46,421

The accompanying notes are an integral part of these Consolidated Financial Statements (unaudited).

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Validus Holdings, Ltd.

Notes to Consolidated Financial Statements (unaudited)

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

1. Basis of preparation and consolidation

These unaudited Consolidated Financial Statements (the "Consolidated Financial Statements") include Validus Holdings, Ltd. and its wholly and majority owned subsidiaries (together the "Company") and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 in Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In addition, the year-end balance sheet data was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. This Quarterly Report on Form 10-Q should be read in conjunction with the financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the U.S. Securities and Exchange Commission (the "SEC").

In the opinion of management, these Consolidated Financial Statements reflect all adjustments (including normal recurring adjustments) considered necessary for a fair presentation of the Company's financial position and results of operations as at the end of and for the periods presented. The Consolidated Statement of Cash Flows for the nine months ended September 30, 2014 includes a revision to decrease net cash used in investing activities by \$42,440. There are no changes to the sub-totals of net cash used in operating activities, financing activities or the effect of foreign currency rate changes on cash and cash equivalents. This revision resulted in an increase in net cash of \$42,440 for the nine months ended September 30, 2014.

The effect of this revision does not impact any per-share amounts or other components of equity or net assets in the statement of financial position in the prior period presented. The Company does not believe this revision is material to the prior period. The Company has revised these prior period amounts to provide comparability with current period cash flows. All significant intercompany accounts and transactions have been eliminated. The results of operations for any interim period are not necessarily indicative of the results for a full year.

The preparation of these 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 financial statements and the reported amounts of revenues and expenses during the reporting period. While management believes that the amounts included in the Consolidated Financial Statements reflect its best estimates and assumptions, actual results could differ materially from those estimates. The Company's principal estimates include:

- reserve for losses and loss expenses;
- premium estimates for business written on a line slip or proportional basis;
- the valuation of goodwill and intangible assets;
- reinsurance recoverable balances including the provision for uncollectible amounts; and
- investment valuation of financial assets.

The term "ASC" used in these notes refers to Accounting Standard Codification issued by the U.S. Financial Accounting Standards Board ("FASB").

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Validus Holdings, Ltd.

Notes to Consolidated Financial Statements (unaudited)

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

2. Recent accounting pronouncements

Recently Issued Accounting Standards Not Yet Adopted

In May 2014, the FASB issued Accounting Standard Update 2014-09, "Revenue from Contracts with Customers (Topic 606)" (ASU 2014-09). The guidance in this Update affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets, unless those contracts are within the scope of other standards (for example, insurance contracts or lease contracts). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The original effective date for the amendments in this Update was for interim and annual reporting periods beginning after December 15, 2016; however, in August 2015, the FASB delayed the effective date by one year through the issuance of Accounting Standards Update 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date" (ASU 2015-14). As such, the new effective date is for interim and annual reporting periods beginning after December 15, 2017. Entities may adopt the standard as of the original effective date, however, earlier adoption is not permitted. The Company is currently evaluating the impact of this guidance on the Company's Consolidated Financial Statements.

In February 2015, the FASB issued Accounting Standard Update 2015-02, "Consolidation (Topic 810) Amendments to the Consolidation Analysis" (ASU 2015-02). The amendments in this Update modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities. The amendment also eliminates the presumption that a general partner should consolidate a limited partnership and affects the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships. The amendment also provides a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The amendments in this Update are effective for interim and annual periods beginning after December 15, 2015. Early adoption is permitted. The Company is currently evaluating the impact of this guidance and it may have a material impact on the Company's Consolidated Financial Statements.

In April 2015, the FASB issued Accounting Standard Update 2015-03, "Interest - Imputation of Interest (Subtopic 835-30) - Simplifying the Presentation of Debt Issuance Costs" (ASU 2015-03). The amendments in this Update simplify the presentation of debt issuance costs and require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this Update. The amendments in this Update are effective for interim and annual periods beginning after December 15, 2015. Early adoption is permitted. The Company has evaluated the impact of this guidance and it will not have a material impact on the Company's Consolidated Financial Statements.

In May 2015, the FASB issued Accounting Standard 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 in this Update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments in this Update are effective for interim and annual periods beginning after December 15, 2015. Earlier application is permitted. The Company has evaluated the impact of this guidance and it will not have a material impact on the Company's Consolidated Financial Statements.

In May 2015, the FASB issued Accounting Standard Update 2015-09, "Financial Services - Insurance (Topic 944) - Disclosures about Short-Duration Contracts" (ASU 2015-09). The amendments in this Update enhance annual disclosures relating to reserves for losses and loss expenses by requiring the following: (1) net incurred and paid

claims development information by accident year; (2) a reconciliation of incurred and paid claims development information to the aggregate carrying amount of the reserve for losses and loss expenses; (3) for each accident year presented, total IBNR plus expected development on case reserves included in the reserve for losses and loss expenses, accompanied by a description of reserving methodologies and any changes thereto; (4) for each accident year presented, quantitative information about claim frequency (unless impracticable) accompanied by a qualitative description of methodologies used for determining claim frequency information and any changes thereto; and (5) the average annual percentage payout of incurred claims by age for the same number of accident years presented. The amendments in this Update are effective for annual periods beginning after December 15, 2015 and interim periods beginning after December 15, 2016. Early application is permitted. The Company has evaluated the impact of this guidance and it will not have a material impact on the Company's Consolidated Financial Statements, but will require changes to disclosures.

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Validus Holdings, Ltd.

Notes to Consolidated Financial Statements (unaudited)

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

In September 2015, the FASB issued Accounting Standard Update 2015-16, “Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments” (ASU 2015-16). The amendments in this Update simplify the accounting for adjustments made to provisional amounts recognized in a business combination by eliminating the requirement to retrospectively account for those adjustments. The amendments in this Update are effective for interim and annual periods beginning after December 15, 2015. The Company has evaluated the impact of this guidance and it will not have a material impact on the Company's Consolidated Financial Statements.

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Validus Holdings, Ltd.

Notes to Consolidated Financial Statements (unaudited)

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

3. Investments

(a) Fixed maturity, short-term and other investments

The Company's investments in fixed maturities, short-term investments and other investments are classified as trading and carried at fair value, with related changes in net unrealized gains or losses included in earnings.

The amortized cost (or cost), gross unrealized gains and (losses) and estimated fair value of investments as at September 30, 2015 were as follows:

	Amortized Cost (or Cost)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government and government agency	\$ 868,750	\$3,787	\$(609)	) \$871,928
Non-U.S. government and government agency	224,288	1,205	(2,529)	) 222,964
U.S. states, municipalities and political subdivisions	316,868	3,097	(439)	) 319,526
Agency residential mortgage-backed securities	488,827	9,503	(1,060)	) 497,270
Non-agency residential mortgage-backed securities	27,054	400	(400)	) 27,054
U.S. corporate	1,530,344	4,387	(8,837)	) 1,525,894
Non-U.S. corporate	472,736	1,628	(6,544)	) 467,820
Bank loans	517,129	642	(8,298)	) 509,473
Catastrophe bonds	160,835	908	(1,767)	) 159,976
Asset-backed securities	624,444	2,038	(1,234)	) 625,248
Commercial mortgage-backed securities	350,571	2,045	(913)	) 351,703
Total fixed maturities	5,581,846	29,640	(32,630)	) 5,578,856
Total short-term investments (a)	1,661,705	49	(67)	) 1,661,687
Other investments				
Fund of hedge funds	2,378	—	(938)	) 1,440
Hedge funds (b)	559,737	43,541	(99,653)	) 503,625
Private equity investments	51,037	8,891	(2,305)	) 57,623
Investment funds	247,104	577	—	) 247,681
Mutual funds	4,395	2,610	—	) 7,005
Total other investments	864,651	55,619	(102,896)	) 817,374
Total investments including assets managed on behalf of AlphaCat investors, catastrophe bonds and noncontrolling interest	\$ 8,108,202	\$85,308	\$(135,593)	) \$8,057,917
Assets managed on behalf of AlphaCat investors (a)	(1,364,692)	) —	—	(1,364,692)
Catastrophe bonds	(160,835)	) (908)	) 1,767	(159,976)
Noncontrolling interest (b)	(491,204)	) (32,920)	) 89,688	(434,436)
Total investments, excluding assets managed on behalf of AlphaCat investors, catastrophe bonds and noncontrolling interest	\$ 6,091,471	\$51,480	\$(44,138)	) \$6,098,813

(a) Included in the short-term investments balance are assets managed in support of AlphaCat's fully collateralized reinsurance transactions.

Included in the hedge funds balance are investments held by PaCRE in which the Company has an equity interest (b) of 10%. The remaining 90% interest is held by third party investors and included in the Consolidated Balance Sheets as noncontrolling interest.

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Validus Holdings, Ltd.

Notes to Consolidated Financial Statements (unaudited)

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

The amortized cost (or cost), gross unrealized gains and (losses) and estimated fair value of investments as at December 31, 2014 were as follows:

	Amortized Cost (or Cost)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government and government agency	\$ 759,232	\$ 1,755	\$(901)	\$ 760,086
Non-U.S. government and government agency	279,493	1,215	(1,980)	278,728
U.S. states, municipalities and political subdivisions	448,668	1,780	(825)	449,623
Agency residential mortgage-backed securities	520,685	9,697	(1,151)	529,231
Non-agency residential mortgage-backed securities	37,954	369	(516)	37,807
U.S. corporate	1,500,963	3,960	(5,217)	1,499,706
Non-U.S. corporate	564,386			