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PLATINUM UNDERWRITERS HOLDINGS LTD

Form 10-Q

May 15, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2003

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 001-31341

PLATINUM UNDERWRITERS HOLDINGS, LTD.

(Exact name of Registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

Not Applicable
(IRS Employer Identification No.)

The Belvedere Building
69 Pitts Bay Road
Pembroke, Bermuda
(Address of principal executive offices)

HM-08
(Zip Code)

(441) 295-7195

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name, Former Address and Former Fiscal Year,
if Changed Since Last Report)

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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date: 43,004,000 Common Shares as of May 12, 2003.

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PLATINUM UNDERWRITERS HOLDINGS, LTD.
QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2003

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PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PLATINUM UNDERWRITERS HOLDINGS, LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
(\$ in thousands, except share data)

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	(Unaudited) March 31, 2003 ----	December 31, 2002 ----
ASSETS		
Investments - Fixed maturities available for sale at fair value (cost - \$1,311,050 and \$1,052,923, respectively)	\$1,333,433	\$1,065,216
Cash and cash equivalents	160,287	281,486
Accrued investment income	16,300	9,993
Reinsurance premiums receivable	320,900	5,599
Reinsurance recoverable on ceded losses and loss adjustment expenses	450	--
Prepaid reinsurance premiums	2,107	--
Amounts receivable from The St. Paul Companies, Inc.	5,174	162,908
Funds held by ceding companies	59,783	54,902
Deferred acquisition costs	70,454	49,332
Other assets	32,300	15,451
	-----	-----
Total assets	\$2,001,188	\$1,644,887
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Unpaid losses and loss adjustment expenses	\$ 417,372	\$ 281,659
Unearned premiums	314,492	191,016
Reinsurance deposit liabilities	29,230	23,661
Debt obligations	137,500	137,500
Ceded premiums payable	3,691	--
Commissions payable	106,128	37,562
Income taxes payable	10,613	--
Deferred taxes	7,681	6,496
Other liabilities	18,442	45,747
	-----	-----
Total liabilities	1,045,149	723,641
	-----	-----
Shareholders' Equity		
Preferred shares, \$.01 par value, 25,000,000 shares authorized, no shares issued or outstanding	--	--
Common shares, \$.01 par value, 200,000,000 shares authorized, 43,004,000 shares issued and outstanding	430	430
Additional paid-in capital	903,797	903,797
Accumulated other comprehensive income	18,228	10,581
Retained earnings	33,584	6,438
	-----	-----
Total shareholders' equity	956,039	921,246
	-----	-----
Total liabilities and shareholders' equity	\$2,001,188	\$1,644,887
	=====	=====

See accompanying notes to condensed consolidated financial statements.

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Revenue:	
Net premiums earned	\$238,069
Net investment income	14,203
Net realized investment gains	744
Other income	1,075

Total revenue	254,091

Expenses:	
Losses and loss adjustment expenses	138,803
Acquisition expenses	51,719
Operating expenses	20,169
Interest expense	2,468

Total expenses	213,159

Income before income tax expense	40,932
Income tax expense	10,346

Net income	\$ 30,586
	=====
Earnings per share:	
Basic earnings per share	\$ 0.71
Diluted earnings per share	\$ 0.66
Shareholder dividends:	
Dividends declared	\$ 3,440
Dividends declared per share	\$ 0.08
Comprehensive Income:	
Net income	\$ 30,586
Other comprehensive income:	
Net change in unrealized gains on available-for-sale securities, net of deferred tax	7,647

Comprehensive income	\$ 38,233
	=====

See accompanying notes to condensed consolidated financial statements.

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PLATINUM UNDERWRITERS HOLDINGS, LTD. AND SUBSIDIARIES
Consolidated Statement of Cash Flows (Unaudited)
For the Three Months Ended March 31, 2003
(\$ in thousands)

Operating Activities:		
Net income	\$	30,586

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Adjustments to reconcile net income to cash used in operations:	
Depreciation and amortization	4,760
Net realized gain on investments	(744)
Changes in assets and liabilities:	
Increase in accrued investment income	(6,307)
Increase in reinsurance premiums receivable	(315,301)
Decrease in amounts receivable from St. Paul	157,734
Increase in funds held	(4,881)
Increase in deferred acquisition costs	(21,122)
Increase in unpaid losses and loss adjustment expenses	135,263
Increase in unearned premiums	121,369
Increase in commissions payable	68,566
Increase in income taxes payable	10,613
Increase in deferred taxes	1,185
Increase in reinsurance deposit liabilities	5,569
Increase in ceded premiums payable	3,691
Decrease in other assets and liabilities	(6,313)
Other, net	(3,022)

Net cash provided by operating activities	181,646

Investing Activities:	
Investments sold, matured, and called - fixed maturities	95,004
Investments acquired - fixed maturities	(394,409)

Net cash used in investing activities	(299,405)

Financing Activities - Dividends to shareholders	
	(3,440)

Net decrease in cash and cash equivalents	(121,199)

Cash and cash equivalents at beginning of period	281,486

Cash and cash equivalents at end of period	\$ 160,287
	=====
Supplemental disclosures of cash flow information:	
Taxes paid	\$ --
Interest paid	\$ 2,807

See accompanying notes to condensed consolidated financial statements.

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PLATINUM UNDERWRITERS HOLDINGS, LTD. AND SUBSIDIARIES Notes to Condensed Consolidated Financial Statements (Unaudited) March 31, 2003

NOTE 1 BASIS OF PRESENTATION

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of Platinum Underwriters Holdings, Ltd. and its subsidiaries (the "Company"), including Platinum Re (UK) Limited, Platinum Underwriters Bermuda, Ltd. ("Platinum Bermuda"), Platinum Underwriters Finance, Inc., Platinum Regency Holdings and Platinum Underwriters Reinsurance, Inc. ("Platinum US"). All material inter-company transactions have been eliminated in preparing these consolidated financial statements. The amounts included in this report as of and for the three months ended March 31, 2003 are

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unaudited and include those adjustments consisting of normal recurring items that management considers necessary for a fair presentation under U.S. GAAP. These consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

The preparation of financial statements 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. Actual results could materially differ from these estimates. The results of operations for any interim period are not necessarily indicative of results for the full year.

In November 2002 Platinum Underwriters Holdings, Ltd. ("Platinum Holdings") completed an initial public offering of 33,044,000 shares of common stock. Concurrent with the public offering, Platinum Holdings sold 6,000,000 common shares to The St. Paul Companies, Inc. ("St. Paul") and 3,960,000 common shares to RenaissanceRe Holdings Ltd. in private placements. Also concurrent with these transactions the Company and St. Paul entered into several agreements for the transfer of continuing reinsurance business and certain related assets of St. Paul. Among these agreements were quota share retrocession agreements effective November 2, 2002 under which the Company assumed from St. Paul unpaid losses and loss adjustment expenses ("LAE"), unearned premiums and certain other liabilities on reinsurance contracts becoming effective in 2002.

Stock-Based Compensation

Pursuant to the provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), the Company has elected to continue using the intrinsic value method of accounting for stock-based awards granted to employees established by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). Under APB 25, if the exercise price of the Company's employee stock options is equal to or greater than the fair market value of the underlying stock on the date of the grant, no compensation expense is recorded.

Had the Company calculated and recorded compensation expense for stock option grants based on the "fair value" method described in SFAS 123, net income and earnings per share, net of tax, for the three months ended March 31, 2003 would have been the pro forma amounts as indicated below:

Stock-based compensation expense:

As reported	--
Pro forma	\$ 1,633,000

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PLATINUM UNDERWRITERS HOLDINGS, LTD. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited), continued
March 31, 2003

Net income:

As reported	\$ 30,586,000
Pro forma	28,953,000

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Basic earnings per share:

As reported	\$	0.71
Pro forma		0.67

Diluted earnings per share:

As reported	\$	0.66
Pro forma		0.62

NOTE 2 INVESTMENTS

Fixed maturities classified as available-for-sale are carried at fair value as of the balance sheet date. Net change in unrealized investment gains for the three months ended March 31, 2003 were as follows (\$000's):

Fixed maturities	\$ 10,090
Less deferred taxes	(2,443)

Net change in unrealized gains	\$ 7,647

Investments with a carrying value of \$356,478,000 and cash and cash equivalents of \$57,097,000 at March 31, 2003 were held in trust to secure an equivalent amount of liabilities arising under the quota share retrocession agreements with St. Paul.

NOTE 3 EARNINGS PER SHARE

Following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations for the three months ended March 31, 2003:

	Net Income -----	Weighted Average Shares Outstanding -----	Net Income Per Share -----
Basic earnings per share:			
Income available to common shareholders	\$30,586,000	43,004,000	\$ 0.71
Effect of dilutive securities:			
Stock options	--	279,000	
Equity Security Units	1,633,000	5,725,000	
	-----	-----	
Diluted earnings per share:			
Income available to common shareholders	\$32,219,000	49,008,000	\$ 0.66
	-----	-----	

NOTE 4 OPERATING SEGMENT INFORMATION

The Company has organized its worldwide reinsurance business around three operating segments: Global Property and Marine, Global Casualty and Finite Risk.

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The Global Property and Marine operating

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PLATINUM UNDERWRITERS HOLDINGS, LTD. AND SUBSIDIARIES Notes to Condensed Consolidated Financial Statements (Unaudited), continued March 31, 2003

segment includes principally property and marine reinsurance coverages that are written both in the United States and international markets. This business consists of catastrophe excess-of-loss reinsurance treaties and property per risk excess-of-loss treaties and property proportional treaties. The Global Casualty operating segment includes principally reinsurance treaties that cover umbrella liability, general liability, professional liability, workers' compensation and automobile liability. This segment also includes accident and health reinsurance treaties, which are predominantly reinsurance of health insurance products. The Finite Risk operating segment includes principally finite reinsurance solutions to ceding companies whose needs may not be met efficiently through traditional reinsurance products.

The following table summarizes underwriting activity and ratios for the operating segments together with a reconciliation of underwriting profit or loss to income before income taxes for the three months ended March 31, 2003 (\$'000's):

	Global Property and Marine -----	Global Casualty -----	Finite Risk ----
Net premiums written	\$ 117,767	\$ 113,694	\$ 128,630
Net premiums earned	89,932	77,726	70,411
Losses and LAE	41,585	53,907	43,311
Acquisition expenses	15,618	19,029	17,072
Operating expenses	10,459	4,618	2,137
Segment underwriting income	\$ 22,270	\$ 172	\$ 7,891
Corporate expenses not allocated to segments			
Interest expense			
Net investment income, realized gains and other income			
Income before income tax expense			
Ratios:			
Losses and LAE	46.2%	69.4%	61.5%
Acquisition costs	17.4%	24.5%	24.2%
Operating expenses	11.6%	5.9%	3.0%
Combined	75.2%	99.8%	88.7%

NOTE 5 SUBSEQUENT EVENT

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On May 13, 2003 the Company entered into a Separation and Consulting Agreement with Jerome T. Fadden, the Company's President and Chief Executive Officer, pursuant to which the Company will pay Mr. Fadden approximately \$5 million in June 2003 and accelerate the vesting of his option to purchase 975,000 of the Company's common shares. The acceleration of option vesting will result in an expense of approximately \$4.3 million for a total charge of \$9.3 million and is expected to be reflected in the second quarter of 2003. The Agreement supersedes the employment agreement between Mr. Fadden and The St. Paul Companies, Inc. dated March 3, 2002 which was assigned to and assumed by the Company effective November 1, 2002.

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ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2003

BUSINESS OVERVIEW

Platinum Underwriters Holdings, Ltd. ("Platinum Holdings") is a Bermuda insurance holding company. Platinum Holdings and its subsidiaries (the "Company") operate through three licensed reinsurance subsidiaries: Platinum Underwriters Reinsurance, Inc. ("Platinum US"), Platinum Re (UK) Limited ("Platinum UK") and Platinum Underwriters Bermuda, Ltd. ("Platinum Bermuda"). The Company provides property, casualty, marine, and finite reinsurance coverages to a diverse clientele of insurers and select reinsurers on a worldwide basis.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes thereto and management's discussion and analysis of financial condition and results of operations included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002. The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

In November 2002 Platinum Holdings completed an initial public offering of 33,044,000 common shares. Concurrent with the public offering, Platinum Holdings sold 6,000,000 common shares to The St. Paul Companies, Inc. ("St. Paul") and 3,960,000 common shares to RenaissanceRe Holdings Ltd. ("Renaissance Re") in private placements. Also concurrent with these transactions the Company and St. Paul entered into several agreements for the transfer of continuing reinsurance business and certain related assets of St. Paul. Among these agreements were quota share retrocession agreements effective November 2, 2002 under which the Company assumed from St. Paul unpaid losses and loss adjustment expenses ("LAE"), unearned premiums and certain other liabilities on reinsurance contracts becoming effective in 2002.

FORWARD LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us.

In particular, statements using words such as "may," "should," "estimate," "expect," "anticipate," "intend," "believe," "predict," "potential," or words of

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similar import generally involve forward-looking statements. For example, we have included certain forward-looking statements in "Management's Discussion and Analysis of Financial Condition and Results of Operations" with regard to trends in results, prices, volumes, operations, investment results, margins, risk management and exchange rates. This Form 10-Q also contains forward-looking statements with respect to our business and industry, such as those relating to our strategy and management objectives and trends in market conditions, market standing, product volumes, investment results and pricing conditions.

In light of the risks and uncertainties inherent in all future projections, the inclusion of forward-looking statements in this Form 10-Q should not be considered as a representation by us or any other

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person that our objectives or plans will be achieved. Numerous factors could cause our actual results to differ materially from those in the forward-looking statements, including the following:

- (1) our ability to successfully implement the Company's business strategy and continue the business acquired from St. Paul;
- (2) conducting operations in a competitive environment;
- (3) our ability to maintain our A.M. Best Company rating;
- (4) significant weather-related or other natural or man-made disasters over which the Company has no control;
- (5) the effectiveness of our loss limitation methods;
- (6) the adequacy of the Company's liability for unpaid losses and LAE;
- (7) the availability of retrocessional reinsurance on acceptable terms;
- (8) our ability to maintain our business relationships with reinsurance brokers;
- (9) general political and economic conditions, including the effects of civil interest, war or a prolonged U.S. or global economic downturn or recession;
- (10) the cyclicity of the property and casualty reinsurance business;
- (11) factors such as market volatility and interest rate and currency exchange rate fluctuation;
- (12) tax, regulatory or legal restrictions or limitations applicable to the Company or the property and casualty reinsurance business generally; and
- (13) changes in the Company's plans, strategies, objectives, expectations or intentions which may happen at any time at the Company's discretion.

As a consequence, current plans, anticipated actions and future financial condition and results may differ from those expressed in any forward-looking statements made by or on behalf of the Company. The foregoing factors should not be construed as exhaustive. Additionally, forward-looking statements speak only as of the date they are made, and we undertake no obligation to release publicly the results of any future revisions or updates we may make to forward-looking statements to reflect new information or circumstances after the date hereof or

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to reflect the occurrence of future events.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

It is important to understand the Company's accounting policies in order to understand its consolidated financial statements. Management considers certain of these policies to be critical to the presentation of the financial position and results of operations since they require management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures at the financial reporting date and throughout the period being reported upon. Certain of the estimates result from judgments that can be subjective and complex, and consequently actual results may materially differ from these estimates. The Company's most critical accounting policies involve written, earned and unearned premiums, unpaid losses and LAE, reinsurance, other than temporary declines in fair value of investments, income taxes and stock-based compensation. The critical accounting policies discussed herein are discussed in more detail in the notes to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

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Due to the nature of reinsurance, premiums are not always reported to the Company in a timely manner. Additionally, premiums on proportional treaty type contracts are generally not reported to the reinsurers until after the reinsurance coverage is in force and the reinsurer is at risk. Consequently, an estimate of premiums earned but not reported ("EBNR") is recorded. The Company estimates EBNR based on estimates of ultimate premium, calculated unearned premiums and premiums reported from ceding companies. Along with estimating EBNR the Company records the expenses associated with these premiums in the form of losses, LAE and commissions. Unpaid losses and LAE represent an estimate of the expected cost of the ultimate settlement and administration of losses. Actuarial methodologies are employed to assist in establishing such estimates and include judgments relative to estimates of future claims severity and frequency, length of time to develop to ultimate, judicial theories of liability and other third party factors which are often beyond our control. Due to the inherent uncertainty associated with the estimation process the ultimate liability may materially differ from the original estimate. Such estimates are regularly reviewed and updated and any resulting adjustments are included in the current period's results.

Reinsurance accounting is followed for assumed and ceded transactions when risk transfer requirements have been met. These requirements involve significant assumptions being made relating to the amount and timing of expected cash flows, as well as the interpretation of underlying contract terms. Reinsurance contracts that do not transfer significant insurance risk are accounted for as deposits with interest expense credited to the contract deposit.

Unrealized depreciation in the value of individual securities considered by management to be other than temporary is charged to income in the period it is determined. The Company continually monitors the difference between cost and the estimated fair value of investments, which involves uncertainty as to whether declines in value are temporary in nature. When a decline in fair value of an investment is considered to be "other than temporary", the investment is written down to fair value and the write down is recorded as a realized loss. Management's assessment of a decline in value includes current judgment as to the financial position and future prospects of the entity that issued the investment security.

Platinum Holdings and Platinum Bermuda are domiciled in Bermuda. The Company also has subsidiaries in the United States, the United Kingdom and

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Ireland which are subject to the tax laws thereof. The Company applies the asset and liability method of accounting for income taxes under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

The Company has elected to use the intrinsic value method of accounting for stock-based awards granted to employees, established by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", under which if the exercise price of the Company's employee stock options is equal to or greater than the fair market value of the underlying stock on the date of the grant, no compensation expense is recorded.

RESULTS OF OPERATIONS

Platinum Holdings completed its initial public offering and assumed certain rights and obligations of the reinsurance business from St. Paul in November 2002. Consequently, the operations of the Company commenced in November 2002 and there are no operations in comparable prior periods.

Net premiums written for the three months ended March 31, 2003 were \$360,092,000 and \$298,114,000 for the period from November 1, 2002 through December 31, 2002. Net premiums written

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in 2002 includes \$244,000,000 of unearned premiums assumed from St. Paul as of November 2, 2002. Net premiums written for the three months ended March 31, 2003 increased significantly as compared to net premiums written for the period ended December 31, 2002, exclusive of the November 2, 2002 assumption. Most premiums are written in the first month of any given quarter and thus a greater amount of premium is written in the first three months of the year than in the last two months. Additionally, premiums from reinsurance contracts in any given underwriting year may be generated over several calendar years. Consequently, premiums written in 2003 include premiums from reinsurance contracts underwritten in 2003 and 2002 whereas net premiums written in 2002 includes only reinsurance contracts becoming effective in 2002. Net premiums earned were \$238,069,000 for the three months ended March 31, 2003 and \$107,098,000 for the period from November 1, 2002 through December 31, 2002. The increase in net premiums earned as compared to the period ended December 31, 2002 is the result of the additional month of earned premiums in 2003 as well as the increasing net premiums written.

Net investment income from fixed maturities and cash and cash equivalents was \$14,203,000 for the three months ended March 31, 2003 resulting in a cost basis yield of 4%. The yield is reflective of current market yields.

Losses and LAE incurred were \$138,803,000 for the three months ended March 31, 2003. The ratio of losses and LAE incurred to premiums earned, also referred to as loss ratio, was 58.3% for the three months ended March 31, 2003. The loss ratio for the period from November 1, 2002 through December 31, 2002 was 56.4%. Both periods were favorably impacted by the absence of any major catastrophe losses during the quarter.

Acquisition costs include brokerage, commissions and other direct underwriting expenses associated with underwriting activities and were \$51,719,000 for the three months ended March 31, 2003 representing 21.7% of net premiums earned as compared to 23.8% during the period ended December 31, 2002. The modest improvement is due primarily to an increasing premium base. Operating expenses were \$20,169,000 and include other underwriting expenses related to the reinsurance operations as well as costs associated with the Bermuda holding

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company.

SEGMENT INFORMATION

The Company has organized its worldwide reinsurance business around three operating segments. The following table summarizes underwriting activity and ratios for the three operating segments for the three months ended March 31, 2003 (\$000's):

	Global Property and Marine -----	Global Casualty -----	Finite Risk ----	Total -----
Net premiums earned	\$ 89,932	\$ 77,726	\$ 70,411	\$238,069
Losses and LAE	41,585	53,907	43,311	138,803
Acquisition costs	15,618	19,029	17,072	51,719
Other underwriting expenses	10,459	4,618	2,137	17,214
	-----	-----	-----	-----
Underwriting income	\$ 22,270	\$ 172	\$ 7,891	\$ 30,333
	=====	=====	=====	=====

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	Global Property and Marine -----	Global Casualty -----	Finite Risk ----	Total -----
Ratios:				
Losses and LAE	46.2%	69.4%	61.5%	58.3%
Acquisition costs	17.4%	24.5%	24.2%	21.7%
Other underwriting expense	11.6%	5.9%	3.0%	7.2%
	----	----	----	----
Combined ratio	75.2%	99.8%	88.7%	87.2%
	=====	=====	=====	=====

GLOBAL PROPERTY AND MARINE

The Global Property and Marine operating segment includes principally property and marine reinsurance coverages that are written both in the United States and international markets. This business includes catastrophe excess-of-loss reinsurance treaties and property per risk excess-of-loss treaties and property proportional treaties. This operating segment generated 33% of the Company's net premiums written for the three months ended March 31, 2003.

Net premiums written were \$117,767,000 for the three months ended March 31, 2003 and \$89,341,000 for the period from November 1, 2002 through December 31, 2002. Net premiums written for the three months ended March 31, 2003 was the result of business underwritten by the company as opposed to net premiums written for the period from November 1, 2002 through December 31, 2002 which was

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primarily unearned premiums assumed under the St. Paul quota share retrocession agreement. Net earned premiums were \$89,932,000 for the three months ended March 31, 2003 and \$43,047,000 for the period from November 1, 2002 through December 31, 2002. The increase in net earned premiums is consistent with the increase in net premiums written.

The loss ratio of 46.2% was favorably impacted by the absence of any major catastrophe losses during the quarter. Acquisition costs were 17.4% of net premiums earned. Other underwriting expenses were \$10,459,000, and represents costs associated with the property segment, including \$2,822,000 of fees relating to an agreement with Renaissance Re that provides for a periodic review and assistance in measuring risk and managing aggregate catastrophe exposures.

GLOBAL CASUALTY

The Global Casualty operating segment includes principally reinsurance treaties that cover umbrella liability, general liability, professional liability, workers' compensation and automobile liability. This segment also includes accident and health reinsurance treaties, which are predominantly reinsurance of health insurance products. We generally write casualty reinsurance on an excess-of-loss basis which responds when all claims from multiple original insureds from a single event for a particular ceding company exceeds our attachment point. This operating segment generated 32% of the Company's net premiums written for the three months ended March 31, 2003.

Net premiums written were \$113,694,000 for the three months ended March 31, 2003 and \$164,929,000 for the period from November 1, 2002 through December 31, 2002. Net premiums written for the three months ended March 31, 2003 was the result of business underwritten by the Company as opposed to net premiums written for the period from November 1, 2002 through December 31, 2002 which was primarily unearned premium assumed under the St. Paul quota share retrocession agreement. Net earned premiums were \$77,726,000 for the three months ended March 31, 2003 and \$39,320,000 for the period from November 1, 2002 through December 31, 2002. The net earned premium is impacted by the same factors as the net premium written.

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The loss ratio incurred for the Global Casualty segment was 69.4% for the three months ended March 31, 2003. Acquisition expenses were \$19,029,000 and represent 24.5% of net earned premiums. Other underwriting expenses were \$4,618,000 and represents costs associated with the casualty segment.

FINITE RISK

The Finite Risk operating segment includes principally finite reinsurance solutions to ceding companies whose needs may not be met efficiently through traditional reinsurance products. We focus on providing such clients with customized solutions for their risk management and other financial management needs. The classes of risks underwritten through finite products are generally consistent with the classes covered using traditional products. This operating segment generated 36% of the Company's net premiums written for the three months ended March 31, 2003.

Net premiums written were \$128,630,000 for the three months ended March 31, 2003 and \$43,844,000 for the period from November 1, 2002 through December 31, 2002. Finite risk premiums tend to be written on an opportunistic basis and several significant finite Quota share treaties were written in the three months ended March 31, 2003. Net premiums written for the period from November 1, 2002 through December 31, 2002 includes premiums assumed under the 2002 St. Paul quota share retrocession agreement. Net earned premiums for the three months

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ended March 31, 2003 were \$70,411,000 and \$24,731,000 for the period from November 1, 2002 through December 31, 2002. The net earned premium is impacted by the same factors as the net premium written.

The loss ratio incurred for the Finite Risk segment of 61.5% for the three months ended March 31, 2003 was also favorably impacted by the absence of any major catastrophe activity. Acquisition expenses were \$17,072,000 and represent 24.2% of net earned premiums. Other underwriting expenses were \$2,137,000 and represents costs associated with the finite risk segment.

LIQUIDITY AND CAPITAL RESOURCES

SOURCES OF CASH

The consolidated sources of funds of the Company consist primarily of premiums written, losses recovered from retrocessionaires, investment income and proceeds from sales and redemption of investments. Net cash flow provided by operations was \$181,646,000. Operating cash flow was used primarily to acquire additional investments.

Invested assets were \$1,333,433,000 as of March 31, 2003. The Company's fixed maturity investment portfolio primarily consists of investment grade bonds. The portfolio has an average duration of 3.4 years as of March 31, 2003. Management continually monitors the composition of the investment portfolio and cash flows from the portfolio in order to maintain the appropriate levels of liquidity in order to ensure the Company's ability to satisfy claims. Investments with a carrying value of \$356,478,000 and cash and cash equivalents of \$57,097,000 at March 31, 2003 were held in trust to secure an equivalent amount of liabilities arising under the quota share retrocession agreements with St. Paul.

Platinum Holdings is a holding company that conducts no reinsurance operations of its own. All of its reinsurance operations are conducted through its wholly owned operating subsidiaries Platinum US (which it owns through Platinum Ireland and Platinum Finance), Platinum UK (which it owns through Platinum Ireland) and Platinum Bermuda. As a holding company, the cash flow of Platinum Holdings consists primarily of dividends, interest and other permissible payments from its subsidiaries. Platinum Holdings depends on such payments to receive funds for general corporate purposes and to meet its obligations, including the payment of any dividends to its shareholders.

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Platinum Holdings has entered into a 364-day committed credit facility with a group of banks which provides \$100,000,000 of aggregate borrowing capacity. The credit facility contains various covenants and agreements, including the requirement to maintain a specified tangible net worth and leverage ratios, and terminates on June 20, 2003 unless extended with the consent of the banks. Although there can be no assurance, the Company expects to be able to extend the current credit facility upon its expiration or negotiate a new credit facility on substantially comparable terms. As of March 31, 2003, there were no amounts outstanding pursuant to the credit facility.

LIQUIDITY REQUIREMENTS

The principal consolidated cash requirements of the Company are the payment of losses and LAE, commissions, brokerages, operating expenses, dividends to its shareholders, the servicing of debt, (including interest payments on the senior notes and contract adjustment payments on the purchase contracts included in the Company's equity security units), the acquisition of and investment in businesses, capital expenditures, premiums retroceded and

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excise taxes.

Platinum UK and Platinum Bermuda are not licensed, approved or accredited as reinsurers anywhere in the United States and therefore, under the terms of most of their contracts in the United States, they have to provide security to reinsureds to cover unpaid liabilities in a form acceptable to state insurance commissioners. Typically, this type of security takes the form of a letter of credit issued by an acceptable bank, the establishment of a trust, or a cash advance. Platinum UK and Platinum Bermuda expect to obtain letters of credit through commercial banks. In turn, Platinum UK and Platinum Bermuda may be required to provide the banks security by giving the banks liens over certain of Platinum UK's and Platinum Bermuda's investments.

The payment of dividends and other distributions from the Company's regulated reinsurance subsidiaries is limited by applicable laws and statutory requirements of the jurisdictions in which the subsidiaries operate, including Bermuda, the United States and the United Kingdom. Based on the regulatory restrictions of the applicable jurisdictions, the maximum amount available for payment of dividends or other distributions by the reinsurance subsidiaries of the Company in 2003 without prior regulatory approval is estimated to be \$127,313,000.

Platinum Holdings operates a treasury function responsible for managing banking relationships, capital raising activities including equity and debt issues, Platinum Holdings's overall cash, cash pooling and liquidity positions and the payment of internal and external dividends.

The Company believes that the cash flow generated by the operating activities of the Company's subsidiaries will provide sufficient funds for the Company to meet its liquidity needs over the next twelve months. Beyond the next twelve months, cash flow available to the Company may be influenced by a variety of factors, including general economic conditions and conditions in the insurance and reinsurance markets, as well as fluctuations from year to year in claims experience.

ECONOMIC CONDITIONS

Periods of moderate economic recession or inflation tend not to have a significant direct effect on the Company's underwriting operations. Significant inflationary or recessionary periods can, however, impact the Company's underwriting operations and investment portfolio. Management considers the potential impact of economic trends in estimating its unpaid losses and LAE. Management believes that the underwriting controls it maintains assist in estimating ultimate claim costs and lessen the potential adverse impact of the economy on the Company. A decrease in interest rates will tend to decrease the Company's yield and have a positive effect on the fair value of its invested assets. An increase in interest

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rates will tend to increase the Company's yield and have a negative effect on the fair value of its invested assets.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET AND CREDIT RISK

The Company's principal invested assets are fixed maturities, which are subject to the risk of potential losses from adverse changes in market rates and prices and credit risk resulting from adverse changes in the borrower's ability to repay the debt. The Company's strategy to limit this risk is to place its

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investments in high quality credit issues and to limit the amount of credit exposure with respect to any one issuer or industry. The Company also selects investments with characteristics such as duration, yield, currency and liquidity to reflect the underlying characteristics of related estimated claim liabilities. The Company attempts to minimize the credit risk by actively monitoring the portfolio and requiring a minimum average credit rating of A2 as defined by Moody's Investor Service. As of March 31, 2003, the portfolio has a dollar weighted average rating of AA3.

The Company has other receivable amounts subject to credit risk. The most significant of these are reinsurance premiums receivable and reinsurance recoverables. To mitigate credit risk related to these counterparties, we establish business and financial standards for reinsurer approval, incorporate ratings by major rating agencies and consider current market information, and obtain letters of credit where deemed necessary. We also establish similar minimum rating standards for ceding companies.

FOREIGN CURRENCY RISK

The Company's principal exposure to foreign currency risk is its obligation to settle claims in foreign currencies. The Company may manage its exposure by entering into forward contracts for foreign currency claims in the event of a large or catastrophic loss denominated in a foreign currency.

SOURCES OF FAIR VALUE

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments as of March 31, 2003 (\$ in thousands):

	Carrying Amount -----	Fair Value -----
Financial assets:		
Fixed maturities	\$1,333,433	\$1,333,433
Financial liabilities:		
Debt obligations	\$ 137,500	\$ 152,900

The fair values of financial instruments are based on quoted market prices at the reporting date for those or similar investments.

ITEM 4 CONTROLS AND PROCEDURES

Within the 90 days prior to the filing date of this report, the Company carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure

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controls and procedures pursuant to Rule 13a-15 promulgated under the Securities and Exchange Act of 1934. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic reports to be filed with the Securities and Exchange Commission. In addition, there have been no

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significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies or material weaknesses. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

PART II - OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

In the normal course of business, the Company may become involved in various claims and legal proceedings. The Company is not currently aware of any pending or threatened material litigation.

ITEM 2 CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

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ITEM 5 OTHER INFORMATION

THE PREDECESSOR BUSINESS The St. Paul Companies, Inc. Reinsurance Underwriting Segment

Following is selected historical combined financial data for the three months ended March 31, 2002 of the reinsurance underwriting segment of The St. Paul Companies, Inc. (the Predecessor) prior to the initial public offering of Platinum Underwriters Holdings, Ltd. ("Platinum"). The Predecessor operations include the continuing business and related assets transferred to Platinum upon completion of its initial public offering as well as the reinsurance business that remained with The St. Paul Companies, Inc. ("St. Paul") after the public offering. Accordingly, underwriting results and combined statements of the Predecessor presented in this report are not indicative of the actual results of Platinum subsequent to the public offering.

In addition to the effect of the retention of certain portions of the Predecessor business by St. Paul and the exclusion of the corporate aggregate excess-of-loss reinsurance program of St. Paul, other factors may cause the actual results of Platinum to differ materially from the results of the Predecessor. For example, although Platinum continues to be afforded the benefits of St. Paul Re's retrocessional program for the 2002 underwriting year, Platinum has entered into reinsurance contracts with significantly different terms and conditions from those that have been made available to the Predecessor from St. Paul and which form the basis of the Predecessor's results. In addition, the Predecessor's combined statements reflect the discounting of the liability for certain assumed reinsurance contracts using rates up to 7.5%, based on its return on invested assets or, in many cases, on yields

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contractually guaranteed to it on funds held by the ceding company, as permitted by applicable law. If arrangements permitting Platinum to discount reserves to the same extent as the Predecessor are not made, reinsurance contracts of a similar type entered into in the future would be reported on an undiscounted basis.

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The St. Paul Companies, Inc. Reinsurance Underwriting Segment (Predecessor)

Combined Statement of Underwriting Results (Unaudited) For the Three Months Ended March 31, 2002 (\$ in millions)

Net premiums earned	
Net premiums written	\$ 463
Net change in unearned premiums	(86)

Net premiums earned	377

Underwriting deductions	
Losses and loss adjustment expenses incurred	247
Policy acquisition costs	100
Other underwriting expenses	15

Total underwriting deductions	362

Net underwriting gain	\$ 15
	=====

Combined Statement of Identifiable Underwriting Cash Flows (Unaudited) For the Three Months Ended March 31, 2002 (\$ in millions)

Premiums collected, net	\$ 470
Losses and loss adjustment expenses paid	(284)
Policy acquisition expenses paid	(104)
Other underwriting expenses paid	(35)

Net cash provided by underwriting	\$ 47
	=====

See accompanying notes to combined statements

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The St. Paul Companies, Inc. Reinsurance Underwriting Segment (Predecessor)

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Notes to Combined Statements (Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying combined statements include the identifiable reinsurance underwriting activity of the reinsurance underwriting segment of The St. Paul Companies, Inc. ("St. Paul"), for the three months ended March 31, 2002. The reinsurance underwriting segment of St. Paul represent the predecessor operations to Platinum Underwriters Holdings, Ltd. ("Platinum") and is hereinafter referred to as "Predecessor". The Predecessor statements are presented on a combined basis and include certain insurance and reinsurance subsidiaries of St. Paul, as well as the underwriting results of the reinsurance departments of St. Paul Fire and Marine Insurance Company ("Fire and Marine") and United States Fidelity and Guarantee Company ("USF&G"). Fire and Marine and USF&G are the two largest U.S. insurance subsidiaries of St. Paul.

The amounts included in this report as of and for the three months ended are unaudited but include those adjustments, consisting of normal recurring items, that management considers necessary for a fair presentation under U.S. GAAP. These combined financial statements should be read in conjunction with the combined statements of the Predecessor and related notes included in the Annual Report on Form 10-K for the year ended December 31, 2002 of Platinum.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The results of operations for any interim period are not necessarily indicative of results for the full year.

The statements of underwriting results reconcile to the reinsurance underwriting segment results as reported in the Quarterly Report of St. Paul on Form 10-Q as of March 31, 2002 as filed with the Securities and Exchange Commission. It is the practice of St. Paul to evaluate the performance of its property-liability insurance underwriting segments on the basis of underwriting results.

The combined statements of underwriting results and identifiable cash flows represent activity that is specifically attributable to the underwriting operations of the Predecessor. St. Paul manages its property-liability investment portfolio in the aggregate, as part of a separate segment and does not allocate assets, or investment income, to its respective underwriting segments. Additionally, the statement of identifiable cash flows includes only cash flow activity that is specifically attributable to the underwriting operations of Predecessor, and does not include any cash flows from investment and financing activities.

2. REINSURANCE

The primary purpose of Predecessor's ceded reinsurance program is to protect its operations from potential losses in excess of acceptable levels. Reinsurers are expected to honor their obligations under ceded reinsurance contracts. In the event these companies are unable to honor their obligations, Predecessor will pay these amounts. Allowances have been established for possible nonpayment of such amounts due.

In the first quarter of 2002, St. Paul was not party to an all-lines, corporate excess-of-loss reinsurance treaty. Predecessor was party to a separate aggregate excess-of-loss reinsurance treaty,

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The St. Paul Companies, Inc.
Reinsurance Underwriting Segment (Predecessor)
Notes to Combined Statements (Unaudited), continued

unrelated to the corporate treaty, in 2002. Coverage was not triggered under that treaty in the first quarter of 2002; however, Predecessor did record ceded written and earned premiums of \$4 million, representing the initial premium for this treaty.

The effect of assumed and ceded reinsurance on premiums written, premiums earned and insurance losses and loss adjustment expenses for the three months ended March 31, 2002 was as follows:

	Assumed -----	Ceded -----	Net ---
Premium written	\$ 493	30	\$ 463
Premium earned	396	19	377
Insurance losses and LAE	246	(1)	247

3. FOURTH QUARTER 2001 STRATEGIC REVIEW

In December 2001, St. Paul announced the results of a strategic review of all of its operations, which included a decision to exit a number of businesses and countries. These decisions included the narrowing of product offerings and geographic presence relative to Predecessor's businesses. As part of that review, it was determined that Predecessor would no longer underwrite aviation or bond and credit reinsurance, or offer certain financial risk and capital markets reinsurance products. Predecessor would also substantially reduce the North American business underwritten in London. Predecessor would focus on several areas, including property catastrophe reinsurance, excess-of-loss casualty reinsurance, marine and traditional finite reinsurance.

The net premiums earned and underwriting loss for three months ended March 31, 2002 for the businesses exited under these actions were \$87 million and \$3 million, respectively. During the three months ended March 31, 2002, St. Paul did not enter into a corporate aggregate excess-of loss reinsurance program.

4. SEGMENT INFORMATION

Predecessor has four reportable segments: North American Property, North American Casualty, International, and Finite Reinsurance. These segments are consistent with the manner in which Predecessor's business has been managed. Predecessor monitors and evaluates the performance of its segments based principally on their underwriting results. Assets are not specifically identifiable for these segments.

The summary below presents premiums earned and underwriting results for Predecessor's reportable segments for the three months ended March 31, 2002:

Premium earned	Underwriting gain (loss)
-------------------	-----------------------------

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	-----	-----
North American Property	\$ 64	\$ 25
North American Casualty	168	(28)
International	57	28
Finite Risk	88	(10)
	-----	-----
Total	377	15
	=====	=====

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ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

99.1 Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 at the Sarbanes-Oxley Act of 2002.

(b) Reports of Form 8-K

On March 4, 2003 the Company filed a report on Form 8-K incorporating under Item 9 slides used by Jerome T. Fadden at the Association of Insurance and Financial Analysts Conference on March 4, 2003.

On February 14, 2003 the Company filed a report on Form 8-K incorporating under Item 5 the Company's press release reporting its financial results for its first two months of operations ended December 31, 2002 and a financial supplement.

On January 28, 2003 the Company filed a report on Form 8-K incorporating under Item 9 slides used by Jerome T. Fadden at the New York Society of Security Analysts Insurance conference on January 28, 2003.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PLATINUM UNDERWRITERS HOLDINGS, LTD

(Registrant)

Date: May 13, 2003

By:/s/ JEROME T. FADDEN

By: Jerome T. Fadden
President and Chief Executive Officer

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Date: May 13, 2003

By:/s/ WILLIAM A. ROBBIE

By: William A. Robbie
Executive Vice President and Chief
Financial Officer

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CERTIFICATION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER

I, Jerome T. Fadden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Platinum Underwriters Holdings, Ltd.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's

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internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

By: /s/ JEROME T. FADDEN

By: Jerome T. Fadden
President and Chief Executive Officer

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CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, William A. Robbie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Platinum Underwriters Holdings, Ltd.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit

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committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

By: /s/ WILLIAM A. ROBBIE

By: William A. Robbie
Executive Vice President and Chief
Financial Officer