



Everest Re Group Reports Second Quarter Results with 12% Growth in Premium, 17% Net Income Return on Equity, and 5% Growth in Book Value per Share

July 23, 2014

HAMILTON, Bermuda--(BUSINESS WIRE)--Jul. 23, 2014-- Everest Re Group, Ltd. (NYSE:RE) today reported second quarter 2014 net income of \$290.2 million, or \$6.26 per diluted common share, compared to net income of \$275.6 million, or \$5.56 per diluted common share, for the second quarter of 2013. After-tax operating income¹, excluding realized capital gains and losses, was \$250.8 million, or \$5.41 per diluted common share, for the second quarter of 2014, compared to after-tax operating income¹ of \$253.2 million, or \$5.10 per diluted common share, for the same period last year.

For the six months ended June 30, 2014, net income was \$584.1 million, or \$12.46 per diluted common share, compared to \$660.0 million, or \$13.09 per diluted common share, for the first six months of 2013. After-tax operating income¹, excluding realized capital gains and losses, was \$531.7 million, or \$11.35 per diluted common share, compared to \$554.2 million or \$10.99 per diluted common share, for the same period in 2013.

Commenting on the Company's results, President and Chief Executive Officer, Dominic J. Adesso said, "Everest continues to generate strong earnings, despite a challenging marketplace. We are seeing select market opportunities, which is driving top-line growth and producing excellent underwriting margins and double digit returns on equity. This is driving growth in shareholder value with book value per share, adjusted for dividends, up over 10% through the first six months of the year. We continue to strategically maneuver our underwriting portfolio to find the best opportunities and look forward to continuing this strong pace through the remainder of the year."

Operating highlights for the second quarter of 2014 included the following:

- Gross written premiums increased 12% to \$1.4 billion compared to the second quarter of 2013. Worldwide, reinsurance premiums, including the Mt. Logan Re segment, were up 16% while insurance premiums were flat, quarter over quarter. Growth opportunities in U.S. property and specialty lines continue to drive the growth in the reinsurance book.
- The combined ratio for the quarter was 84.7% compared to 87.6% in the second quarter of 2013. Excluding catastrophe losses, reinstatement premiums, and prior period loss development, the current quarter attritional combined ratio was 81.4% compared to 80.2% in the same period last year.
- Catastrophe losses amounted to \$45.0 million in the quarter, arising from the Chile earthquake that occurred during the quarter and late reported losses from severe snowstorms in Japan during February. The net impact of these losses, after reinstatement premiums, taxes, and non-controlling interest, was \$32.1 million.
- Net investment income for the quarter was \$131.2 million, including limited partnership income of \$6.2 million.
- Net after-tax realized and unrealized capital gains totaled \$39.4 million and \$88.1 million, respectively, for the quarter.
- Cash flow from operations was \$223.3 million compared to \$179.6 million for the same period in 2013.
- For the quarter, the annualized after-tax operating income¹ return on average adjusted shareholders' equity² was 14.6%.
- During the quarter, the Company repurchased 475,092 of its common shares at an average price of \$157.78 and a total cost of \$75.0 million. Subsequent to the quarter, the Company purchased an additional 64,827 shares for a total cost of \$10.3 million. Through the date of this release, the Company had repurchased 2.2 million of its common shares for a total cost of \$335.2 million. The repurchases were made pursuant to a share repurchase authorization, provided by the Company's Board of Directors, under which there remains 2.3 million shares available.
- Shareholders' equity ended the quarter at \$7.3 billion. Book value per share increased 9.3% from \$146.57 at December 31, 2013 to \$160.27 at June 30, 2014.

This news release contains forward-looking statements within the meaning of the U.S. federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the U.S. Federal securities laws. These statements involve risks and uncertainties that could cause actual results to differ materially from those contained in forward-looking statements made on behalf of the Company. These risks and uncertainties include the impact of general economic conditions and conditions affecting the insurance and reinsurance industry, the adequacy of our reserves, our ability to assess underwriting risk, trends in rates for property and casualty insurance and reinsurance, competition, investment market fluctuations, trends in insured and paid losses, catastrophes, regulatory and legal uncertainties and other factors described in our latest Annual Report on Form 10-K. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Everest Re Group, Ltd. is a Bermuda holding company that operates through the following subsidiaries: Everest Reinsurance Company provides reinsurance to property and casualty insurers in both the U.S. and international markets. Everest Reinsurance (Bermuda), Ltd., including through its branch in the United Kingdom, provides reinsurance and insurance to worldwide property and casualty markets and reinsurance to life insurers.

Everest Reinsurance Company (Ireland), Limited provides reinsurance to non-life insurers in Europe. Mt. Logan Re, a segregated cell company, capitalized by the Company and third party investors, is a specialty reinsurer of catastrophe risks. Everest National Insurance Company and Everest Security Insurance Company provide property and casualty insurance to policyholders in the U.S. Everest Indemnity Insurance Company offers excess and surplus lines insurance in the U.S. Everest Insurance Company of Canada provides property and casualty insurance to policyholders in Canada. Additional information on Everest Re Group companies can be found at the Group's web site at www.everestregroup.com.

A conference call discussing the second quarter results will be held at 10:30 a.m. Eastern Time on July 24, 2014. The call will be available on the Internet through the Company's web site or at www.streetevents.com.

Recipients are encouraged to visit the Company's web site to view supplemental financial information on the Company's results. The supplemental information is located at www.everestregroup.com in the "Financial Reports" section of the "Investor Center". The supplemental financial information may also be obtained by contacting the Company directly.

¹The Company generally uses after-tax operating income (loss), a non-GAAP financial measure, to evaluate its performance. After-tax operating income (loss) consists of net income (loss) excluding after-tax net realized capital gains (losses) as the following reconciliation displays:

| | Three Months Ended June 30, | | | | Six Months Ended June 30, | | | |
|--|--------------------------------|--------------------------------|-------------|--------------------------------|------------------------------|--------------------------------|-------------|--------------------------------|
| | 2014 | | 2013 | | 2014 | | 2013 | |
| (Dollars in thousands, except per share amounts) | (unaudited) | | (unaudited) | | (unaudited) | | (unaudited) | |
| | Amount | Per Diluted Common Share | Amount | Per Diluted Common Share | Amount | Per Diluted Common Share | Amount | Per Diluted Common Share |
| Net income (loss) | \$ 290,184 | \$ 6.26 | \$ 275,642 | \$ 5.56 | \$ 584,117 | \$ 12.46 | \$ 659,985 | \$ 13.09 |
| After-tax net realized capital gains (losses) | 39,413 | 0.85 | 22,492 | 0.45 | 52,377 | 1.12 | 105,763 | 2.10 |
| After-tax operating income (loss) | \$ 250,771 | \$ 5.41 | \$ 253,150 | \$ 5.10 | \$ 531,740 | \$ 11.35 | \$ 554,222 | \$ 10.99 |

(Some amounts may not reconcile due to rounding.)

Although net realized capital gains (losses) are an integral part of the Company's insurance operations, the determination of net realized capital gains (losses) is independent of the insurance underwriting process. The Company believes that the level of net realized capital gains (losses) for any particular period is not indicative of the performance of the underlying business in that particular period. Providing only a GAAP presentation of net income (loss) makes it more difficult for users of the financial information to evaluate the Company's success or failure in its basic business, and may lead to incorrect or misleading assumptions and conclusions. The Company understands that the equity analysts who follow the Company focus on after-tax operating income (loss) in their analyses for the reasons discussed above. The Company provides after-tax operating income (loss) to investors so that they have what management believes to be a useful supplement to GAAP information concerning the Company's performance.

²Adjusted shareholders' equity excludes net after-tax unrealized (appreciation) depreciation of investments.

--Financial Details Follow--

EVEREST RE GROUP, LTD. CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|--------------|------------------------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| (Dollars in thousands, except per share amounts) | (unaudited) | | (unaudited) | |
| REVENUES: | | | | |
| Premiums earned | \$ 1,272,317 | \$ 1,151,533 | \$ 2,416,807 | \$ 2,240,292 |
| Net investment income | 131,224 | 148,729 | 254,381 | 294,510 |
| Net realized capital gains (losses): | | | | |
| Other-than-temporary impairments on fixed maturity securities | (389) | - | (389) | (191) |
| Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss) | - | - | - | - |
| Other net realized capital gains (losses) | 59,405 | 33,905 | 80,531 | 160,831 |
| Total net realized capital gains (losses) | 59,016 | 33,905 | 80,142 | 160,640 |
| Net derivative gain (loss) | 3,774 | 12,081 | 2,113 | 27,366 |
| Other income (expense) | (13,871) | 8,295 | (17,167) | (592) |
| Total revenues | 1,452,460 | 1,354,543 | 2,736,276 | 2,722,216 |

CLAIMS AND EXPENSES:

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Incurred losses and loss adjustment expenses | 735,697 | 711,590 | 1,355,106 | 1,304,234 |
| Commission, brokerage, taxes and fees | 283,687 | 242,067 | 529,689 | 475,113 |
| Other underwriting expenses | 58,414 | 54,901 | 109,052 | 107,847 |
| Corporate expenses | 3,899 | 6,168 | 8,844 | 11,885 |
| Interest, fees and bond issue cost amortization expense | 8,978 | 17,362 | 16,546 | 30,843 |
| Total claims and expenses | 1,090,675 | 1,032,088 | 2,019,237 | 1,929,922 |

| | | | | |
|------------------------------|---------|---------|---------|---------|
| INCOME (LOSS) BEFORE TAXES | 361,785 | 322,455 | 717,039 | 792,294 |
| Income tax expense (benefit) | 63,860 | 46,813 | 117,092 | 132,309 |

| | | | | |
|--|------------|------------|------------|------------|
| NET INCOME (LOSS) | \$ 297,925 | \$ 275,642 | \$ 599,947 | \$ 659,985 |
| Net (income) loss attributable to noncontrolling interests | (7,741) | - | (15,830) | - |
| NET INCOME (LOSS) ATTRIBUTABLE TO EVEREST RE GROUP | \$ 290,184 | \$ 275,642 | \$ 584,117 | \$ 659,985 |

Other comprehensive income (loss), net of tax:

| | | | | |
|---|--------|------------|---------|------------|
| Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period | 85,921 | (272,540) | 139,392 | (319,342) |
| Reclassification adjustment for realized losses (gains) included in net income (loss) | 2,169 | (1,828) | 4,043 | (5,919) |
| Total URA(D) on securities arising during the period | 88,090 | (274,368) | 143,435 | (325,261) |

| | | | | |
|--|--------|--------|----------|----------|
| Foreign currency translation adjustments | (763) | 13,751 | (3,400) | (7,315) |
|--|--------|--------|----------|----------|

| | | | | |
|---|--------|------------|---------|------------|
| Benefit plan actuarial net gain (loss) for the period | - | - | - | - |
| Reclassification adjustment for amortization of net (gain) loss included in net income (loss) | 770 | 1,345 | 1,541 | 2,691 |
| Total benefit plan net gain (loss) for the period | 770 | 1,345 | 1,541 | 2,691 |
| Total other comprehensive income (loss), net of tax | 88,097 | (259,272) | 141,576 | (329,885) |
| Other comprehensive (income) loss attributable to noncontrolling interests | - | - | - | - |
| Total other comprehensive income (loss), net of tax attributable to Everest Re Group | 88,097 | (259,272) | 141,576 | (329,885) |

| | | | | |
|-----------------------------|------------|-----------|------------|------------|
| COMPREHENSIVE INCOME (LOSS) | \$ 378,281 | \$ 16,370 | \$ 725,693 | \$ 330,100 |
|-----------------------------|------------|-----------|------------|------------|

EARNINGS PER COMMON SHARE ATTRIBUTABLE TO EVEREST RE GROUP:

| | | | | |
|--------------------|---------|---------|----------|----------|
| Basic | \$ 6.32 | \$ 5.60 | \$ 12.58 | \$ 13.19 |
| Diluted | 6.26 | 5.56 | 12.46 | 13.09 |
| Dividends declared | 0.75 | 0.48 | 1.50 | 0.96 |

EVEREST RE GROUP, LTD.

CONSOLIDATED BALANCE SHEETS

| | June 30, 2014 (unaudited) | December 31, 2013 |
|--|---------------------------------|----------------------|
| (Dollars and share amounts in thousands, except par value per share) | | |
| ASSETS: | | |
| Fixed maturities - available for sale, at market value (amortized cost: 2014, \$13,173,675; 2013, \$12,391,164) | \$ 13,577,366 | \$ 12,636,907 |
| Fixed maturities - available for sale, at fair value | - | 19,388 |
| Equity securities - available for sale, at market value (cost: 2014, \$149,024; 2013, \$148,342) | 151,377 | 144,081 |
| Equity securities - available for sale, at fair value | 1,424,792 | 1,462,079 |
| Short-term investments | 1,636,937 | 1,214,199 |
| Other invested assets (cost: 2014, \$509,396; 2013, \$508,447) | 509,396 | 508,447 |
| Cash | 341,570 | 611,382 |
| Total investments and cash | 17,641,438 | 16,596,483 |
| Accrued investment income | 120,559 | 119,058 |
| Premiums receivable | 1,551,615 | 1,453,114 |
| Reinsurance receivables | 685,643 | 540,883 |
| Funds held by reinsureds | 226,845 | 228,000 |
| Deferred acquisition costs | 368,117 | 363,721 |
| Prepaid reinsurance premiums | 150,206 | 81,779 |
| Income taxes | 141,887 | 178,334 |
| Other assets | 305,334 | 246,664 |

| | | |
|---|---------------|---------------|
| TOTAL ASSETS | \$ 21,191,644 | \$ 19,808,036 |
| LIABILITIES: | | |
| Reserve for losses and loss adjustment expenses | \$ 9,704,463 | \$ 9,673,240 |
| Future policy benefit reserve | 58,368 | 59,512 |
| Unearned premium reserve | 1,677,971 | 1,579,945 |
| Funds held under reinsurance treaties | 3,337 | 2,692 |
| Commission reserves | 54,073 | 66,160 |
| Other net payable to reinsurers | 217,041 | 116,387 |
| Losses in course of payment | 494,640 | 332,631 |
| 4.868% Senior notes due 6/1/2044 | 400,000 | - |
| 5.4% Senior notes due 10/15/2014 | 249,984 | 249,958 |
| 6.6% Long term notes due 5/1/2067 | 238,362 | 238,361 |
| Accrued interest on debt and borrowings | 6,133 | 4,781 |
| Equity index put option liability | 33,309 | 35,423 |
| Unsettled securities payable | 88,463 | 53,867 |
| Other liabilities | 266,724 | 333,425 |
| Total liabilities | 13,492,868 | 12,746,382 |
| NONCONTROLLING INTERESTS: | | |
| Redeemable noncontrolling interests - Mt. Logan Re | 375,908 | 93,378 |
| SHAREHOLDERS' EQUITY: | | |
| Preferred shares, par value: \$0.01; 50,000 shares authorized; no shares issued and outstanding | - | - |
| Common shares, par value: \$0.01; 200,000 shares authorized; (2014) 68,280 and (2013) 67,965 outstanding before treasury shares | 683 | 680 |
| Additional paid-in capital | 2,052,682 | 2,029,774 |
| Accumulated other comprehensive income (loss), net of deferred income tax expense (benefit) of \$79,020 at 2014 and \$57,661 at 2013 | 299,304 | 157,728 |
| Treasury shares, at cost; 22,589 shares (2014) and 20,422 shares (2013) | (2,310,824) | (1,985,873) |
| Retained earnings | 7,281,023 | 6,765,967 |
| Total shareholders' equity attributable to Everest Re Group | 7,322,868 | 6,968,276 |
| TOTAL LIABILITIES, NONCONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY | \$ 21,191,644 | \$ 19,808,036 |

EVEREST RE GROUP, LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

| (Dollars in thousands) | Three Months Ended | | Six Months Ended | |
|---|---------------------------------|------------|---------------------------------|------------|
| | June 30, 2014 (unaudited) | 2013 | June 30, 2014 (unaudited) | 2013 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net income (loss) | \$ 297,925 | \$ 275,642 | \$ 599,947 | \$ 659,985 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Decrease (increase) in premiums receivable | (123,360) | (167,239) | (97,827) | (220,306) |
| Decrease (increase) in funds held by reinsureds, net | (1,251) | (16,828) | 2,148 | (12,244) |
| Decrease (increase) in reinsurance receivables | (22,179) | 26,758 | (137,077) | (65,978) |
| Decrease (increase) in income taxes | (19,160) | (7,498) | 15,257 | 56,729 |
| Decrease (increase) in prepaid reinsurance premiums | (70,705) | (10,354) | (68,346) | (6,908) |
| Increase (decrease) in reserve for losses and loss adjustment expenses | 64,403 | (47,200) | 8,055 | (175,142) |
| Increase (decrease) in future policy benefit reserve | 279 | 229 | (1,144) | (567) |
| Increase (decrease) in unearned premiums | 16,787 | 72,212 | 96,803 | 126,535 |
| Increase (decrease) in other net payable to reinsurers | 99,370 | 25,577 | 100,546 | 29,765 |
| Increase (decrease) in losses in course of payment | 54,987 | 81,362 | 161,990 | 230,135 |
| Change in equity adjustments in limited partnerships | (5,513) | (18,994) | (3,200) | (36,350) |
| Distribution of limited partnership income | 4,830 | 9,409 | 13,430 | 43,095 |
| Change in other assets and liabilities, net | (32,913) | (31,052) | (56,872) | (74,866) |
| Non-cash compensation expense | 5,341 | 4,551 | 9,768 | 10,165 |
| Amortization of bond premium (accrual of bond discount) | 13,496 | 16,900 | 27,068 | 35,507 |
| Amortization of underwriting discount on senior notes | 14 | 14 | 28 | 27 |

| | | | | |
|---|-----------|-----------|-----------|------------|
| Net realized capital (gains) losses | (59,016) | (33,905) | (80,142) | (160,640) |
| Net cash provided by (used in) operating activities | 223,335 | 179,584 | 590,432 | 438,942 |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Proceeds from fixed maturities matured/called - available for sale, at market value | 556,764 | 706,674 | 1,047,509 | 1,318,718 |
| Proceeds from fixed maturities matured/called - available for sale, at fair value | - | 4,213 | 875 | 7,213 |
| Proceeds from fixed maturities sold - available for sale, at market value | 277,767 | 376,688 | 606,476 | 631,184 |
| Proceeds from fixed maturities sold - available for sale, at fair value | - | 13,678 | 20,763 | 17,342 |
| Proceeds from equity securities sold - available for sale, at market value | 8,138 | 44,194 | 8,672 | 45,423 |
| Proceeds from equity securities sold - available for sale, at fair value | 126,294 | 252,594 | 304,892 | 358,769 |
| Distributions from other invested assets | 5,443 | 24,437 | 22,520 | 74,453 |
| Cost of fixed maturities acquired - available for sale, at market value | (1,295,283) | (1,105,870) | (2,458,723) | (2,122,159) |
| Cost of fixed maturities acquired - available for sale, at fair value | - | (1,411) | (1,309) | (2,706) |
| Cost of equity securities acquired - available for sale, at market value | (2,073) | (51,921) | (10,619) | (53,487) |
| Cost of equity securities acquired - available for sale, at fair value | (90,985) | (121,327) | (183,314) | (243,944) |
| Cost of other invested assets acquired | (29,427) | (4,617) | (34,388) | (11,301) |
| Net change in short-term investments | (270,962) | 53,629 | (423,677) | 132,136 |
| Net change in unsettled securities transactions | 19,069 | 64,135 | 20,633 | 55,668 |
| Net cash provided by (used in) investing activities | (695,255) | 255,096 | (1,079,690) | 207,309 |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | | | | |
|--|-----------|------------|------------|------------|
| Common shares issued during the period, net | 11,022 | 19,651 | 13,143 | 46,569 |
| Purchase of treasury shares | (74,968) | (211,323) | (324,951) | (449,955) |
| Revolving credit borrowings | - | 40,000 | - | 40,000 |
| Net cost of junior subordinated debt securities redemption | - | (329,897) | - | (329,897) |
| Net proceeds from issuance of senior notes | 400,000 | - | 400,000 | - |
| Third party investment in redeemable noncontrolling interest | 53,000 | - | 123,700 | - |
| Subscription advances for third party redeemable noncontrolling interest | 77,500 | - | 77,500 | - |
| Dividends paid to shareholders | (34,319) | (23,315) | (69,061) | (47,546) |
| Net cash provided by (used in) financing activities | 432,235 | (504,884) | 220,331 | (740,829) |

EFFECT OF EXCHANGE RATE CHANGES ON CASH

| | | | | |
|---------------------------------|------------|------------|------------|------------|
| | (4,149) | (14,796) | (885) | (3,336) |
| Net increase (decrease) in cash | (43,834) | (85,000) | (269,812) | (97,914) |
| Cash, beginning of period | 385,404 | 524,136 | 611,382 | 537,050 |
| Cash, end of period | \$ 341,570 | \$ 439,136 | \$ 341,570 | \$ 439,136 |

SUPPLEMENTAL CASH FLOW INFORMATION:

| | | | | |
|-------------------------------|-----------|-----------|-----------|-----------|
| Income taxes paid (recovered) | \$ 80,981 | \$ 47,550 | \$ 97,241 | \$ 66,738 |
| Interest paid | 14,844 | 17,280 | 15,018 | 23,281 |

Source: Everest Re Group, Ltd.

Everest Global Services, Inc.
Elizabeth B. Farrell, 908-604-3169
Vice President, Investor Relations