



# *EVEREST*

*Everest Re Group, Ltd.*

## INVESTOR *Presentation*

THIRD QUARTER 2018

Everest Re Group, Ltd  
Seon Place, 4<sup>th</sup> Floor  
141 Front Street  
P.O. Box HM 845  
Hamilton HM D19, Bermuda

## CAUTIONARY NOTE ON *Forward-looking Statements*

This presentation 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.



# CORPORATE OBJECTIVES

Everest Re Group is a worldwide multi-line reinsurance and insurance organization. Our key objectives are to:

- ◆ Maximize book value per common share over time, and
- ◆ Achieve returns that provide a double-digit compound annual growth rate in shareholder value.



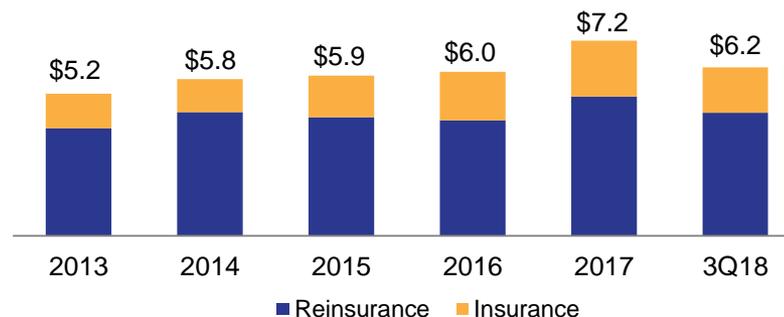
# GENERATING SHAREHOLDER *Value*

TOTAL VALUE CREATION DEFINED AS BOOK VALUE PER SHARE + DIVIDENDS

## The Everest Advantage

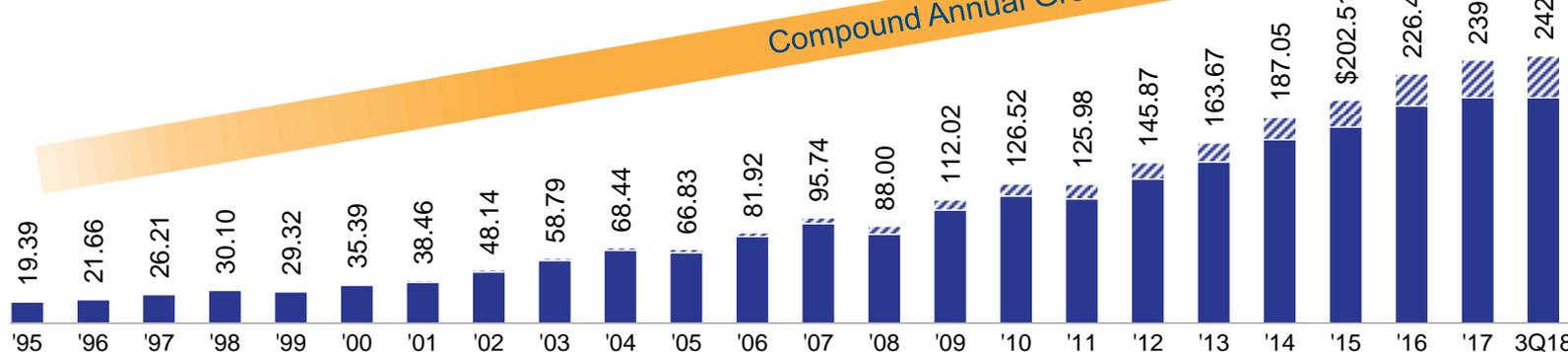
- ◆ A+ / A+ / A1 Top AM Best / S&P / Moody's ratings
- ◆ Strong brand recognition and winning culture focused on underwriting discipline and profitable growth
- ◆ 5.7% expense ratio and 2.9% for reinsurance operations, among lowest in industry
- ◆ Strong Balance Sheet - \$18.7B investment portfolio with A1 average rating, \$8.3B GAAP Equity and 7.1% debt to capital
- ◆ Highly diversified – 71% Reinsurance / 29% Insurance, 58% Property / 42% Casualty for 2017

## Gross Written Premium \$ in billions



## Shareholder Value Creation

- Book Value Per Share
- ▨ Accumulated Dividends



# EXPERIENCED MANAGEMENT *Team*



**Dominic Adesso**  
President and  
Chief Executive Officer



**John Doucette**  
EVP and President  
and CEO of the  
Reinsurance Division



**Jonathan Zaffino**  
EVP and President  
and CEO of Everest  
Insurance Division



**Craig Howie**  
EVP and Chief  
Financial Officer and  
Treasurer



**Mike Kerner**  
EVP and Head of  
Strategy and Risk  
Management



**Sanjoy Mukherjee**  
EVP, General  
Counsel and  
Secretary Managing  
Director and CEO,  
Everest Reinsurance  
(Bermuda), Ltd.



**Ralph Groce**  
SVP and Chief  
Information Officer



**Gail Van Beveren**  
Senior Vice  
President, Human  
Resources



# MULTIPLE DISTRIBUTION *Channels*

ABILITY TO RESPOND TO GLOBAL OPPORTUNITIES

Key Operating Subsidiaries in the United States,  
Ireland, and Bermuda

## REINSURANCE LOCATIONS:

### United States

- ◆ Chicago, IL
- ◆ Liberty Corner, NJ
- ◆ Miami, FL
- ◆ New York, NY
- ◆ Walnut Creek, CA

### Non-U.S.

- ◆ Bermuda
- ◆ Belgium
- ◆ Brazil
- ◆ Canada
- ◆ Ireland
- ◆ London
- ◆ Singapore
- ◆ Switzerland

## INSURANCE LOCATIONS:

### United States

- ◆ Atlanta, GA
- ◆ Boston, MA
- ◆ Chicago, IL
- ◆ Houston, TX
- ◆ Indianapolis, IN
- ◆ Liberty Corner, NJ
- ◆ Los Angeles, CA
- ◆ New York, NY
- ◆ Orange, CA
- ◆ San Francisco, CA
- ◆ Stamford, CT
- ◆ Tampa, FL
- ◆ Walnut Creek, CA

### Non-U.S.

- ◆ Bermuda
- ◆ Canada
- ◆ Ireland
- ◆ Lloyds



# FINANCIAL HIGHLIGHTS

\$ IN MILLIONS

For the year ended December 31,

| (\$ in millions)              | 2018 YTD         | 2017       | 2016       | 2015       | 2014       | 2013       |
|-------------------------------|------------------|------------|------------|------------|------------|------------|
| <b>Income Statement Data:</b> |                  |            |            |            |            |            |
| Gross Premiums Written        | <b>\$6,196.8</b> | \$ 7,173.9 | \$ 6,033.9 | \$ 5,891.7 | \$ 5,762.9 | \$ 5,220.4 |
| Net Premiums Earned           | <b>\$5,080.7</b> | 5,937.8    | 5,320.5    | 5,292.8    | 5,043.7    | 4,736.3    |
| Net Investment Income         | <b>441.0</b>     | 542.9      | 473.1      | 473.5      | 530.5      | 548.5      |
| Operating Income (Loss)*      | <b>427.6</b>     | 412.6      | 1,004.3    | 1,108.1    | 1,143.7    | 1,062.6    |
| Net Income (Loss)             | <b>485.8</b>     | 469.0      | 996.3      | 977.9      | 1,199.2    | 1,259.4    |
| <b>Balance Sheet Data:</b>    |                  |            |            |            |            |            |
| Cash and Investments          | <b>18,665.9</b>  | 18,626.5   | 17,483.1   | 16,676.4   | 16,880.8   | 16,462.8   |
| Shareholders' Equity          | <b>8,329.0</b>   | 8,369.2    | 8,075.4    | 7,608.6    | 7,451.1    | 6,968.3    |
| Book Value per Common Share   | <b>204.91</b>    | 204.95     | 197.45     | 178.21     | 166.75     | 146.57     |
| <b>Financial Ratios:</b>      |                  |            |            |            |            |            |
| Combined Ratio                | <b>99.6%</b>     | 103.5%     | 87.0%      | 85.1%      | 83.8%      | 84.6%      |
| Attritional Combined Ratio**  | <b>85.8%</b>     | 85.0%      | 85.5%      | 84.8%      | 83.1%      | 81.2%      |
| After-Tax Operating ROE*      | <b>6.8%</b>      | 5.1%       | 12.9%      | 15.0%      | 16.3%      | 16.5%      |
| Net Income ROE                | <b>7.7%</b>      | 5.8%       | 12.8%      | 13.2%      | 17.1%      | 19.5%      |

\*Operating Income for 2016 & 2017 was restated to exclude foreign exchange gains and losses

\*\*Excluding catastrophe losses, reinstatement premiums, and prior year development



# LONG TERM *Performance*

## DEMONSTRATES STRONG CYCLE MANAGEMENT

| Key Profitability Measures                             | 5 Year<br>2013-2017 | 10 Year<br>2008-2017 | ITD<br>1996-2017 |
|--|---------------------|----------------------|------------------|
| Combined Ratio*  | 89.3%               | 93.9%                | 96.4%            |
| Pretax Operating ROR**                                 | 19.0%               | 16.0%                | 14.7%            |
| Operating ROE**  | 13.2%               | 11.0%                | 11.5%            |
| Shareholder Value <i>(Compound Annual Growth Rate)</i> | 11.3%               | 10.0%                | 12.1%            |

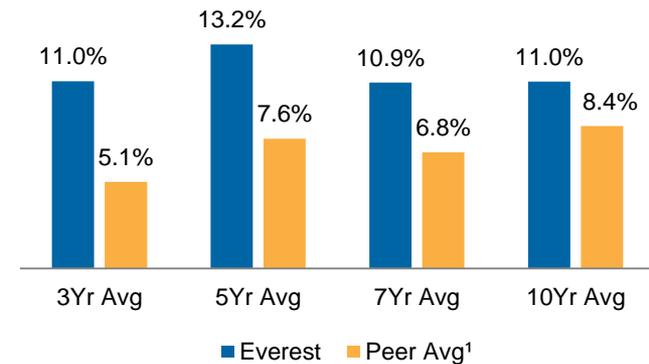
\* Weighted average

\*\* Operating Income for 2016 & 2017 was restated to exclude foreign exchange gains and losses

### Strong and stable results despite challenges posed by:

- ◆ Cyclical underwriting market conditions
- ◆ Legacy asbestos and environmental (A&E) claims
- ◆ Several years of significant catastrophe loss activity
- ◆ Global market turbulence
- ◆ Low interest rate environment

### Operating ROE



<sup>1</sup>Alleghany, Arch, Aspen, Axis, Chubb, Markel, PartnerRe, RenRe, Validus, XL  
Source: SNL

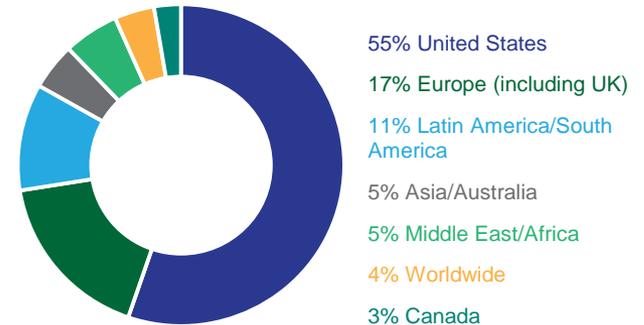


# LEADING GLOBAL *Reinsurer*

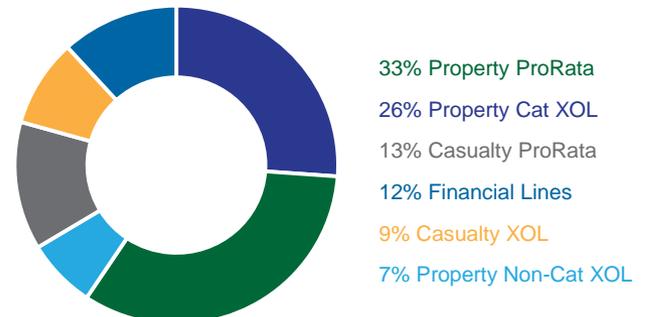
| <b>Everest Reinsurance Ops</b> | 2015      | 2016      | <b>2017</b>      |
|--------------------------------|-----------|-----------|------------------|
| Gross Written Premium          | \$4,359.4 | \$4,246.8 | <b>\$5,114.7</b> |
| Combined Ratio                 | 78.5%     | 77.6%     | <b>103.1%</b>    |
| Attritional Combined Ratio     | 81.8%     | 81.1%     | <b>81.1%</b>     |

- ◆ Rank among the top 10 reinsurers worldwide
- ◆ Global footprint with a 40-year history
- ◆ Broad product capabilities
- ◆ Dynamic strategy in response to market conditions
- ◆ Innovators of creative risk solutions
- ◆ “Best in Class” data-driven management systems
- ◆ Competitive expense advantage with 3.1% vs. a peer average of 8.5% in 2017
- ◆ Portfolio optimization through effective capital management

2017 GWP Geography



2017 GWP Business Mix

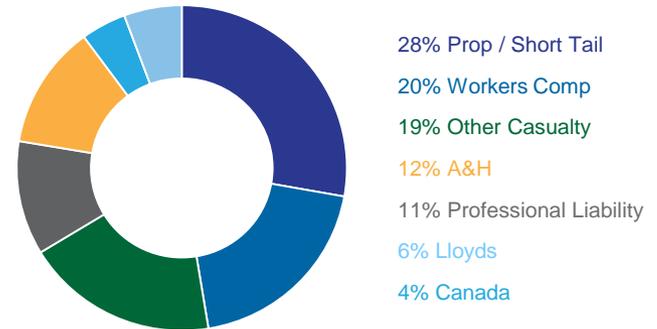


# A PREMIER GLOBAL *Specialty Insurance Operation*

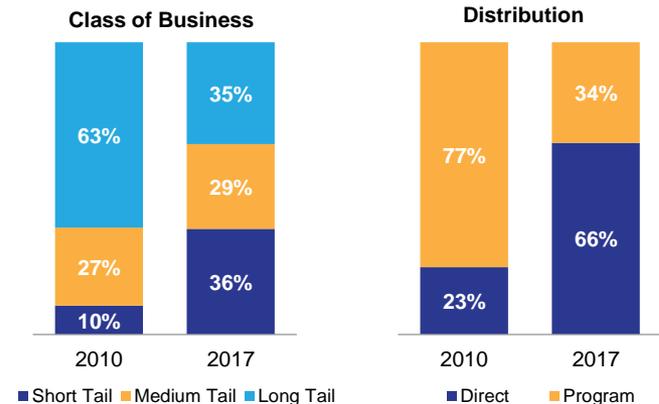
| <b>Everest Insurance Ops</b> | 2015      | 2016      | <b>2017</b>      |
|------------------------------|-----------|-----------|------------------|
| Gross Written Premium        | \$1,532.3 | \$1,787.0 | <b>\$2,059.2</b> |
| Combined Ratio               | 106.3%    | 116.5%    | <b>104.8%</b>    |
| Attritional Combined Ratio   | 94.3%     | 99.3%     | <b>96.9%</b>     |

- ◆ Selective expansion of the portfolio towards specialty markets
- ◆ Multi-channel distribution strategy
- ◆ Leverage underwriting talent and infrastructure to deliver underwriting profit
- ◆ Balance risks across line, geography, industry and frequency/severity profiles
- ◆ Maintain flat, nimble organization and our expense advantage

2017 GWP Business Mix



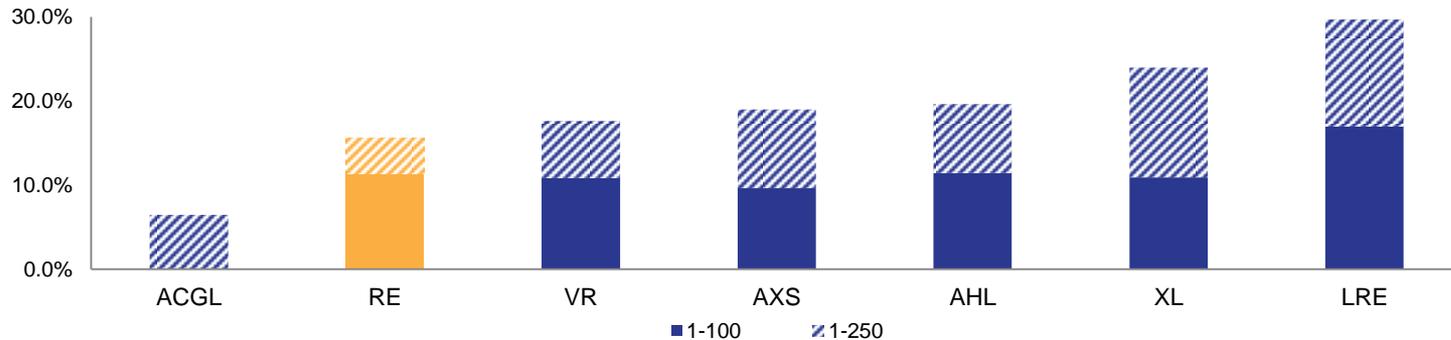
Shift in Distribution and Class of Business



# STRONG RISK MANAGEMENT *Culture*

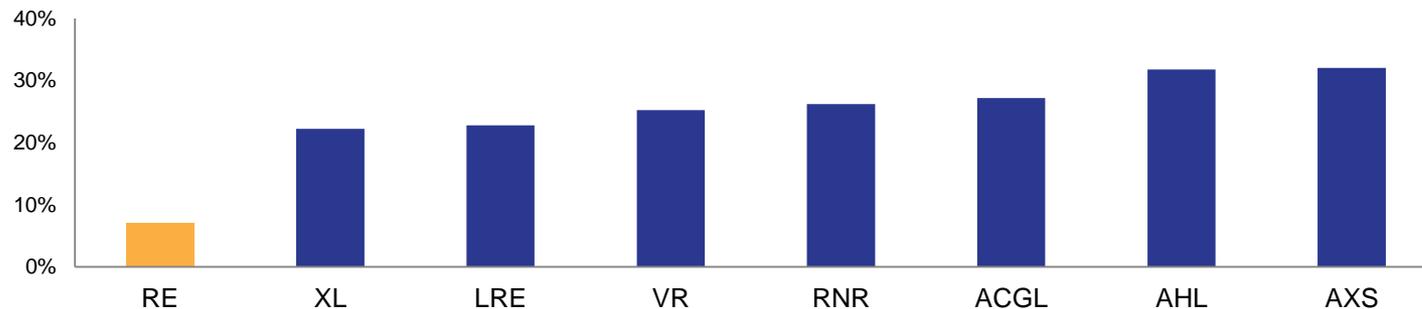
WITH CONSIDERABLE FINANCIAL FLEXIBILITY AND CONSERVATIVE PROPERTY CATASTROPHE EXPOSURE

PML as Percent of Total Shareholders' Equity As of 1/1/18, Ranked by 1-250



Source: Dowling

Debt + Preferred Equity to Capital As of 12/31/17



Source: SNL

Risk is fundamental to our business therefore we have developed a comprehensive enterprise risk management (ERM) framework that aims to preserve the strength of our balance sheet while generating reasonable returns to shareholders.



# A STRATEGY THAT *Embraces Alternative Capital Paradigm*

## CAPITAL MARKETS ADD TO EVEREST'S CAPACITY AND INCREASE NET MARGINS

| 2013  | 2014  | 2015  | 2017   | 2018  |
|---|---|---|--|---|
| <p><b>MT LOGAN</b></p> <p>Covered Perils: diversified cat exposures across different geographical regions globally</p> <p>\$1,161M AUM at 10/1/18</p> | <p><b>KILIMANJARO RE LTD. (SERIES 2014 -2)</b></p> <p>Covered Perils: U.S. &amp; Canada earthquakes</p> <p>\$500M</p> | <p><b>KILIMANJARO RE LTD. (SERIES 2015-1)</b></p> <p>Covered Perils: U.S., Canada, &amp; Puerto Rico named storms and earthquakes</p> <p>\$625M</p> | <p><b>KILIMANJARO RE LTD. (SERIES 2017- 1&amp;2)</b></p> <p>Covered Perils: U.S., Canada, &amp; Puerto Rico named storms and earthquakes</p> <p>\$1,250M</p> | <p><b>KILIMANJARO RE LTD. (SERIES 2018- 1&amp;2)</b></p> <p>Covered Perils: U.S., Canada &amp; Puerto Rico named storms and earthquakes</p> <p>\$525M</p> |

### EVEREST'S CAPITAL MARKETS PLATFORM

- ◆ Assumes reinsurance from Everest
- ◆ Generates fee income on business that is too large for Everest's balance sheet

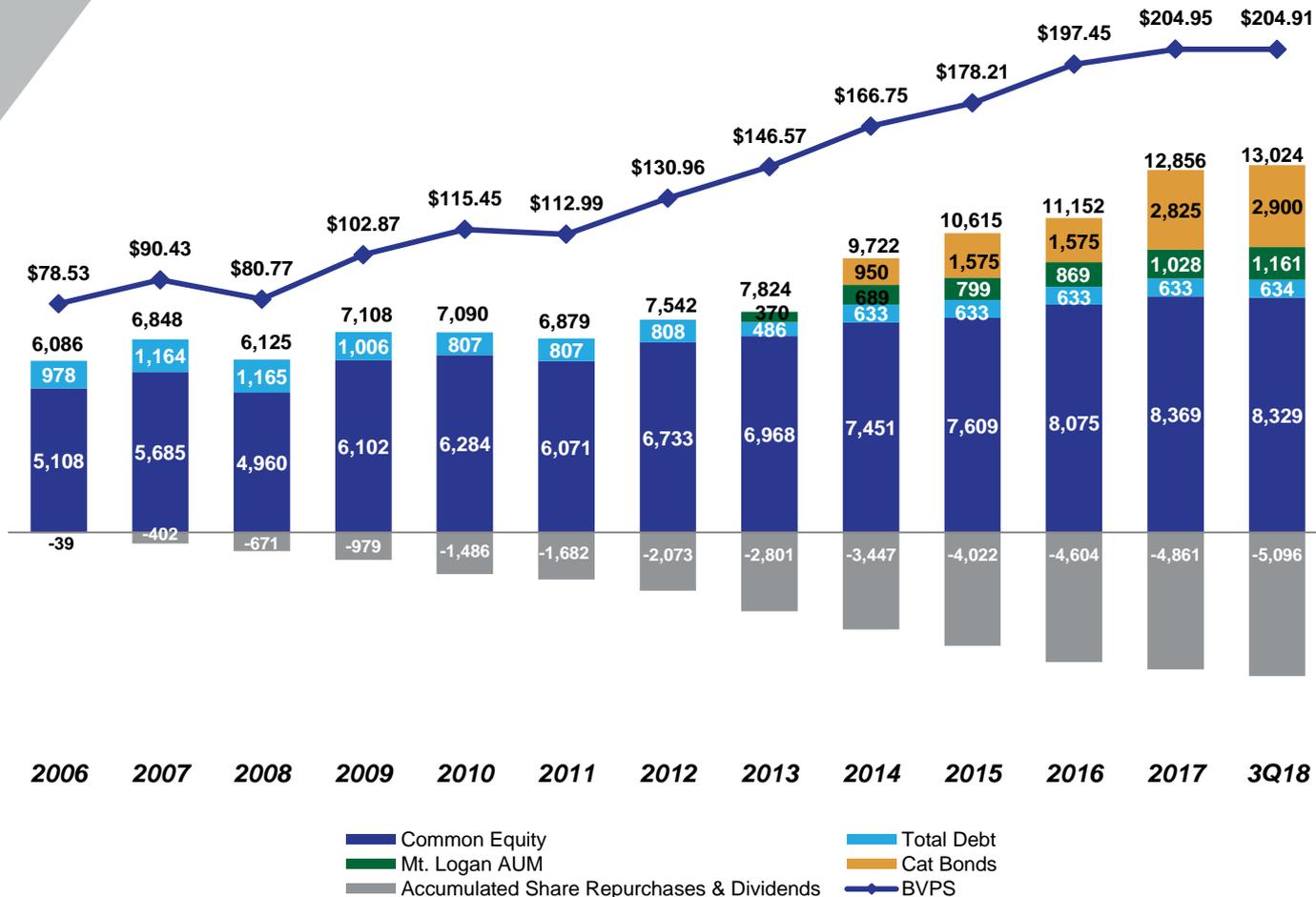
### KILIMANJARO CATASTROPHE BONDS SPONSORED BY EVEREST HAS PROVIDED \$2.9B OF MULTI-YEAR COLLATERALIZED CAPACITY

- ◆ Everest, with more than 40 years of experience is a natural and high regarded partner for the investors seeking responsible underwriting partners to originate, aggregate, and package a diversified risk portfolio
- ◆ Bond offerings have been significantly upsized from initial offering due to high investor demand



# ACTIVE CAPITAL MANAGEMENT *Improves Shareholder Value*

BOOK VALUE PER SHARE INCREASES 2.6x SINCE 2006



## Capital Management:

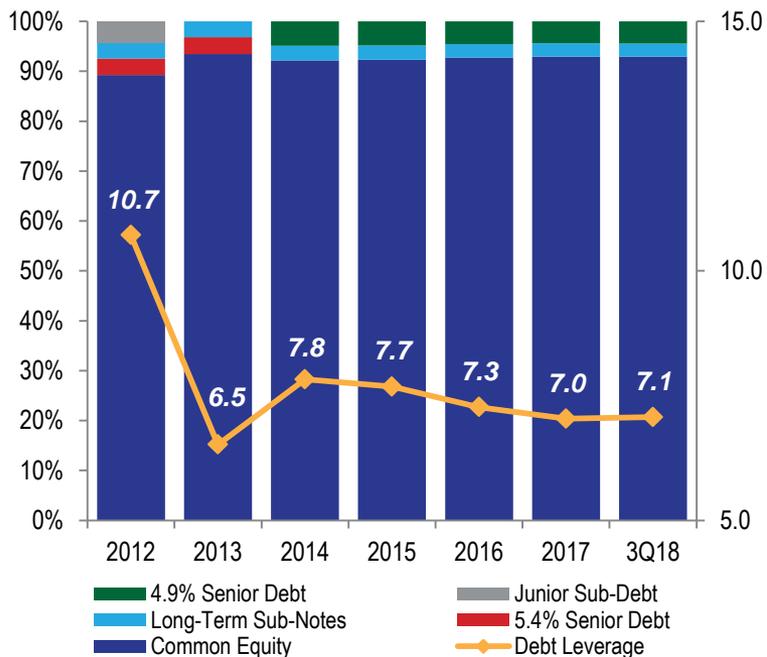
- ◆ Everest historically addresses excess capital through share buybacks
- ◆ Since 2006, Everest has repurchased 44% of its outstanding shares, returning \$3.4 billion of capital to shareholders
- ◆ 1.4m shares remain available under the share repurchase agreement at September 30, 2018
- ◆ Dividends to shareholders have increased 2.7x since 3Q2013



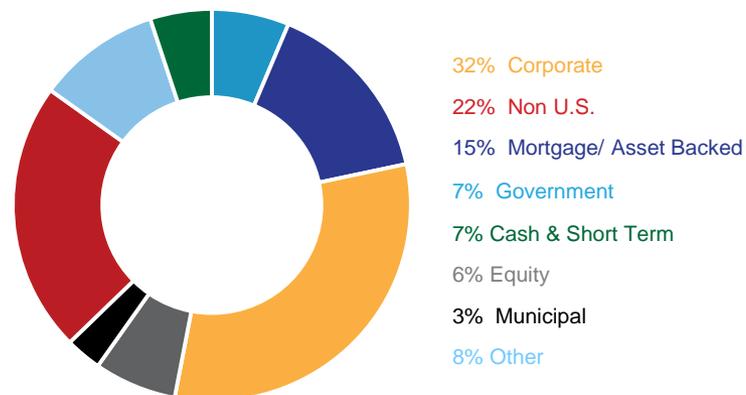
# CONSERVATIVE *Leverage and Liquidity*

FIGURES AS OF 9/30/18

## Capitalization



## Liquidity



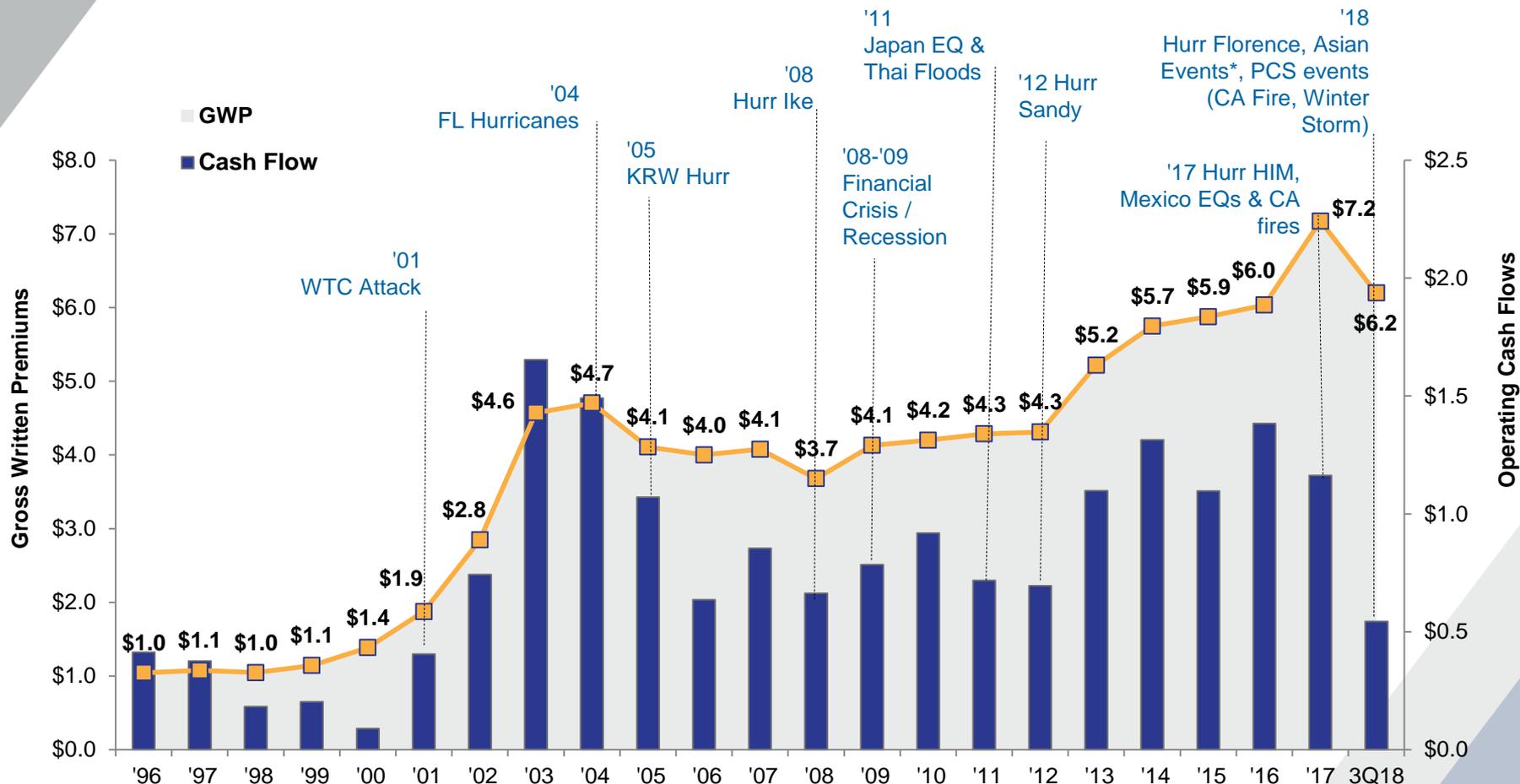
◆ **One of lowest debt leverage ratios in the industry**

◆ **\$18.7B Investible assets with A1 average credit quality**



# STRONG AND CONSISTENT *Operating Cash Flows*

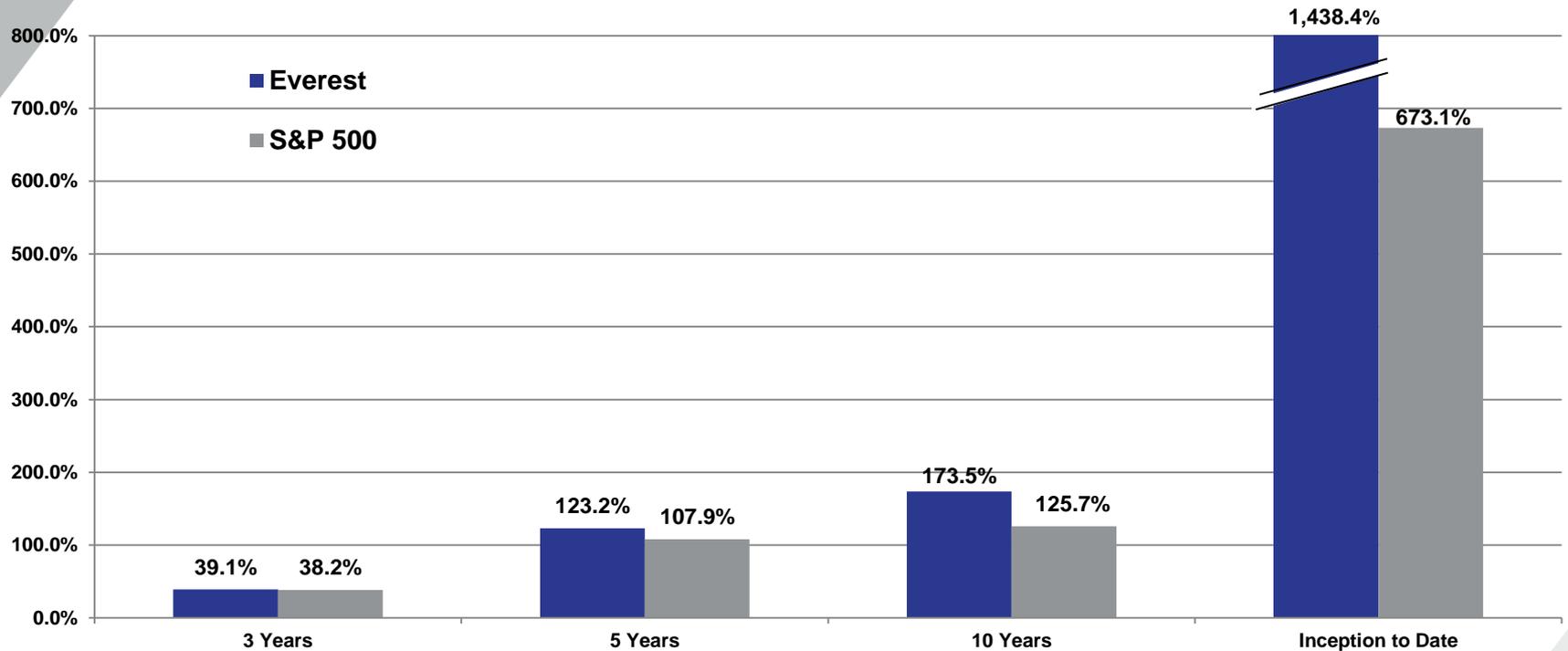
ADD TO STRONG LIQUIDITY PROFILE



\*2018 Asian Events are: Typhoon Jebi, Cyclone Mekunu, Typhoon Tremei, and Japan Floods



# SIGNIFICANT TOTAL *Return to Shareholders*



| Everest Re total return* <u>over</u> S&P 500: |                  |                  |                   |
|---|------------------|------------------|-------------------|
| 2014-2017                                     | 2012-2017        | 2007-2017        | ITD               |
| <b>1 point</b>                                | <b>15 points</b> | <b>48 points</b> | <b>765 points</b> |

\*Total Return Includes Price Appreciation and Dividends

Source: Bloomberg



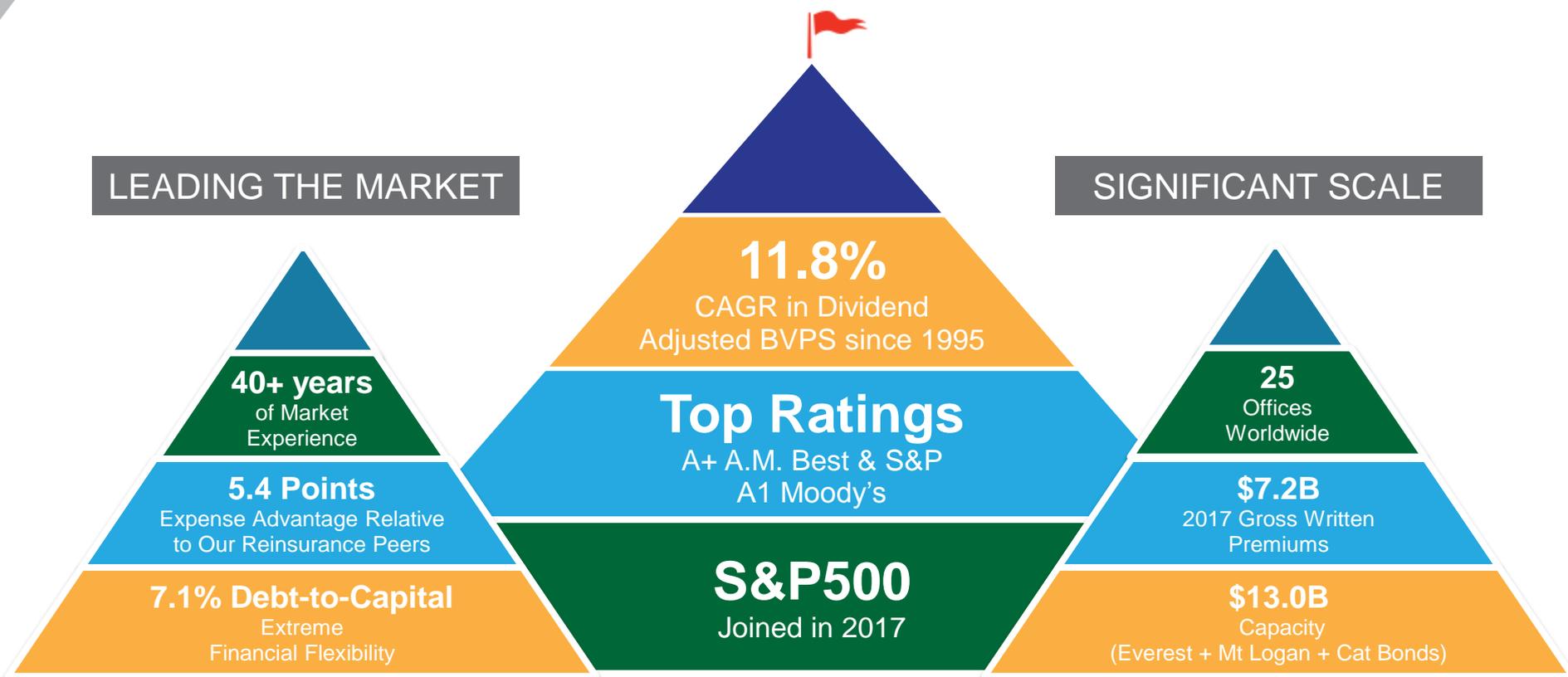
# THE EVEREST FRANCHISE—*Well Positioned for Success*

A BUSINESS MODEL THAT IS NOT EASILY REPLICATED

FOCUS ON  
SHAREHOLDER VALUE

LEADING THE MARKET

SIGNIFICANT SCALE



## EVEREST RE GROUP, LTD.

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