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Q3 2019 Everest Re Group Ltd Earnings Call

EVENT DATE/TIME: OCTOBER 29, 2019 / 2:30PM GMT



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## PRESENTATION

### Operator

Good day, and welcome to the Everest Re Third Quarter 2019 Earnings Call. Today's conference is being recorded.

At this time, I would like to turn the call over to Mr. Jon Levenson. Please go ahead, sir.

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### Jon Levenson *Everest Re Group, Ltd. - Head of IR*

Thank you, Holly, and welcome to the Everest Re Group Limited 2019 Third Quarter Earnings Conference Call. The Everest executives leading today's call are Dom Addesso, President and Chief Executive Officer; Juan Andrade, Chief Operating Officer; Craig Howie, EVP and Chief Financial Officer; John Doucette, EVP and President and CEO of the Reinsurance Division; and Jonathan Zaffino, EVP and President and CEO of the Everest Insurance Division.

Before we begin, I need to preface the comments on today's call by noting that our SEC filings include extensive disclosures with respect to forward-looking statements. Management comments regarding estimates, projections and similar are subject to the risks, uncertainties and assumptions as noted in these SEC filings.

Management may also refer to certain non-GAAP financial measures. These items are reconciled in our earnings release and financial supplements.

With that, I turn the call over to Dom Addesso.

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### Dominic James Addesso *Everest Re Group, Ltd. - President, CEO & Non-Independent Director*

Thanks, Jon, and good morning, and welcome to our call. In the third quarter, Everest produced operating earnings of \$3.39 per share despite experiencing \$280 million of cat losses. Our underlying performance continued to be excellent as our attritional underwriting gain of \$250 million nearly offset the cat losses.

On a year-to-date basis, our underwriting profit was \$365 million and \$700 million, excluding cats. This is a solid outcome and demonstrates our ability to absorb cat volatility due to a large and well-diversified book of business. When combined with another solid quarter of investment income, the year-to-date operating income is at \$742 million. These outcomes are being driven by an organization that has evolved dramatically over the last several years due to an intentional strategic focus and supported by market conditions. What you see, for example, is a continued effort to reduce cat volatility as a result of growth, diversification and exposure reductions.

In reinsurance, the growth has been focused largely on mortgage risk and casualty lines where rates, terms and conditions have been improving. Keep in mind that our cushion for these lines, especially casualty, was of a more recent vintage. For many years, we



deemphasized casualty. Only recently, as the market has been improving, have we been growing premium. The greatest diversifier, however, has been our successful push into the specialty insurance space. By year-end, we will be closing in on \$3 billion of annual gross premium. And as you have seen, the profit picture there remains solid.

Our timing on these initiatives has been good. Rates are improving in many sectors. And, yes, while there have been pockets of frequency and severity trends to take note of, these are managed through conservative loss picks through the cycle. We're in a long-term business, and at times, cost of goods sold may seem uncertain, but we are less worried about that and what we see on trend versus rate given our book of business and where we have it pegged.

The market is poised to continue higher as it grapples with trend, increasing weather events and anemic investment returns on new money, but now is not the time to retreat.

With that, let me pass it over to my colleagues to give you some of the details around the story. First, to Juan Andrade, who, as you know, is my successor effective January 1. Juan?

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**Juan Carlos Andrade *Everest Re Group, Ltd. - COO***

Thank you, Dom. It's a privilege to be here as a member of the Everest team. After 8 weeks on the job, I've had the opportunity to start getting deep into our businesses and to meet our employees, major customers and our key distribution partners in the U.S. and around the world. I'm very appreciative for Dom's support and that of the entire leadership team as we transition responsibilities at the end of the year. Dom has built a great business that we will continue to advance.

Everest is well positioned for the current market environment. We have a highly diversified franchise with a strong team of smart and experienced leaders, a rock-solid balance sheet and enduring customer relationships. I have been very pleased with the talent, division, the energy, the focus and the pride in Everest that everyone I have met has shown. The feedback that I have received from our customers has been universally positive. They value the longevity of our trading relationships, our financial strength and sizable capacity, our knowledgeable underwriters and the access to products in the right locations, along with our responsiveness and innovation. We have 2 very strong and complementary businesses. We are a top 10 global reinsurer with a 47-year history. We have a seasoned and strong underwriting team around the globe, broad product capabilities, a dynamic strategy that is responsive to market conditions, best-in-class data-driven management systems and a competitive expense advantage. We also have an entrepreneurial and growing primary specialty insurance business with a client-first culture of providing solutions with more than 150 products and services. This team is led by highly skilled industry professionals who are focused on sustainable profitability and growth and who have the underwriting discipline and built the tools and processes required to ensure continued success. While being very cognizant to the challenges facing our industry, we also see opportunity.

These industry challenges are resulting in improving pricing and terms and conditions in both insurance and reinsurance. In some classes of business, we are seeing the strongest rate movement in many years. This change in the market is long overdue, and we remain committed to being selective to where we dedicate resources and capacity. At Everest, we will continue to focus on underwriting profitability and sustainable growth with a relentless focus on execution, diversifying our business, always strengthening our enduring relationships, managing our cat exposure and maintaining our strong balance sheet that provides the foundation for the security that we provide to our customers.

I am optimistic about the future of Everest. We have a strong franchise that is positioned to succeed regardless of market conditions.

With that, I turn the call over to Craig.

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**Craig William Howie *Everest Re Group, Ltd. - Executive VP, CFO & Treasurer***

Thank you, Juan, and good morning, everyone. For the third quarter of 2019, Everest reported net income of \$104 million. This compares to net income of \$198 million for the third quarter of 2018. On a year-to-date basis, Everest had net income of \$792 million compared to net income of \$474 million for the first 9 months of 2018. The 2019 result represents an annualized net income return on equity of 13%. These results were driven by a strong underwriting performance across the group, our highest quarterly investment income in the last 9

years and lower catastrophe losses compared to the first 9 months of 2018.

In the third quarter of 2019, the group incurred \$280 million of net pretax catastrophe losses compared to \$230 million in the third quarter of 2018. The catastrophe losses related to Hurricane Dorian at \$160 million and Typhoon Faxai at \$120 million. On a year-to-date basis, the results reflected net pretax estimated catastrophe losses of \$335 million in 2019 compared to \$795 million in 2018.

Everest reported \$52 million of favorable prior year reserve development in the quarter. This primarily related to a onetime commutation of a multi-year contract that reduced prior year carried loss reserves by \$44 million, which was offset by \$44 million of commission paid, effectively no material impact to the underwriting result in the quarter. Another \$4 million of the favorable development was identified through reserve studies completed in the third quarter of 2019. Excluding the catastrophe events and favorable prior year development, the underlying book continues to perform well with an overall current year attritional combined ratio of 87.7% through the first 9 months compared to 87.0% for the full year of 2018. This increase was primarily due to the business mix in the reinsurance segment, which, as we have noted, has been writing more casualty business over the past several quarters.

Turning to investments. Pretax investment income was \$181 million for the quarter and \$501 million year-to-date on our \$20 billion investment portfolio. Investment income was up \$60 million or 14% from 1 year ago. This result is primarily driven by the growth in investment assets coming from our record cash flow, which was \$1.5 billion during the first 9 months. Some of the strong cash flow comes from the increase in overall premium volume, including an increase in the casualty writings, which has a longer tail and allows us to invest the money longer.

Before moving to taxes, I'd like to point out that we included, for the first time, on Page 15, in the financial supplement a split of our net investment income between the Insurance segment and total reinsurance. This shows an indication of the contribution provided by each segment to pre-tax operating income and reflects \$361 million allocated to Reinsurance and \$140 million of net investment income allocated to the Insurance segment. The split is based on gross carried loss reserves, excluding catastrophe reserves. We are including this information to better demonstrate the total contribution by business segment and illustrate the unrecognized embedded value of the growing insurance franchise. This is consistent with previous comments, encouraging investors to look at Everest on a sum-of-the-parts basis.

On income taxes, the tax benefit we recorded in the quarter was the result of the amount and geography of the losses associated with the catastrophes and the favorable prior year reserve development associated with the one-time commutation of a multiyear contract that I previously mentioned. The year-to-date effective tax rate of 9% is an annualized calculation that includes planned catastrophe losses for the remainder of the year. Higher-than-expected catastrophe losses would cause the tax rate to trend lower than the current 9%.

Shareholders' equity for the group ended the quarter at \$9 billion, up over \$1 billion or 14% compared to year-end 2018. The increasing shareholders' equity is primarily attributable to the \$792 million of net income and the recovery in the fair value of the investment portfolio.

Our balance sheet and overall financial position remain strong. We maintain industry-low debt leverage, a high-quality investment portfolio and continue to generate positive cash flow. You will notice some minor revisions related to foreign exchange in our financial supplement. None of these revisions impact operating income.

Thank you. And now John Doucette will provide a review of the reinsurance operations.

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**John Paul Doucette Everest Re Group, Ltd. - Executive VP, President & CEO of the Reinsurance Division**

Thank you, Craig. Good morning. The magnitude of industry losses over the past 3 years has been extraordinary for the reinsurance market. Although the insurance industry would have hoped for a quieter 2019 to regroup, this has not been the case. The losses have shaken up the primary reinsurance and retro markets, creating dislocation and, in turn, opportunity. Though not an across-the-board traditional hard market, we see a foundationally more sustainable environment for the near and medium term in many lines. Multiple factors are pushing the market, including 2017, '18 and '19 cat losses, with corresponding trapped capital and negative sentiment for ILS; emerging industry loss trends in casualty; improving primary market and underwriting actions taken by major participants; and

continued low investment income yields. Given the above, we are increasingly optimistic on the treaty and facultative global reinsurance market heading into renewal and our improving opportunity to deploy capital profitably in 2020 and beyond.

We continue to see increased demand for reinsurance globally driven by our clients' desire to reduce volatility, manage regulatory capital constraints and decrease net capacity deployed. That increase in demand, in conjunction with improved insurance and reinsurance pricing, terms and conditions, will result in more opportunities hitting our underwriting requirements and pricing targets. At the same time, the supply of reinsurance capital is relatively flat or down, considering trapped capital, given that over 50% of the retro capacity is supported by unrated, alternative capital. And there will be more collateral trapped by the recent events, in addition to the remaining collateral still trapped from the 2017 and '18 events. Not all rated reinsurers are positioned to write multiple classes of business across all territories to clients large and small, but we are. With our solid financial strength and ratings, multi-decades long trading relationships, we are one of the few global reinsurers writing in all P&C lines in most developed territories, making us well positioned to take advantage of these positive trends to drive differentiated results.

Year-to-date reinsurance premium is \$4.7 billion, up 3% from last year. Growth in our business is being driven by increased casualty writings, more proportional business, mortgage, more treaties with our global clients and increased fac opportunities. This growth was muted by the re-underwriting of some portions of our property book as we pushed pricing and reduced lines or came off programs that did not meet our required pricing targets. Year-to-date, reinsurance underwriting profits are \$310 million, impacted this quarter by the Dorian and Faxai losses mentioned by Craig.

Year-to-date reinsurance attritional losses are 57.5% compared to 57.0% for the full year 2018 due predominantly to shift in mix: increased casualty business as well as overall more proportional business to capture the primary rate movements. This is offset by increased mortgage writings which have a lower combined ratio. Heading into the renewal season, we are optimistic about the market conditions in casualty, fac, mortgage and certain property markets, including retro and loss-affected areas.

In U.S. casualty, reinsurance terms are improving. Primary rates are increasing on loss-affected programs, along with some tightening of terms and conditions. Some market participants have signaled reducing capacity. Combined, this results in some interesting opportunities. Since 2018, we have been increasing our casualty reinsurance writings based on these improving conditions, and this trend will likely continue heading into January 1 renewals.

Facultative is seeing meaningful, increased submission activity globally, improved rates and terms in both property and casualty, resulting in an increased business at much improved economics. As mentioned last quarter, our global fac book is well over \$400 million gross written premium in force, and we see continued growth opportunities there given favorable market conditions. Fac is typically a leading indicator of client risk appetite, and therefore, shows increased future demand for our treaty capacity.

The global impact of Lloyd's and other major insurers re-underwriting is meaningful. Significant premium is coming to market, which is then subject to increased rate and improved terms and conditions. This is in addition to some large primary insurers tightening capacity and pushing rate in both property and casualty lines. The mortgage market remains favorable as the large GSEs, Fannie and Freddie, continue to privatize risk. Our well-seasoned mortgage portfolio continues to produce strong earnings with growth potential. Currently, our annualized mortgage book is about \$200 million of gross written premium, including many multi-year deals with future premium that has not yet been recognized. We continue to proactively scrutinize relevant economic trends and underwriting standards which remain attractive, and we'll continue to look for more opportunities there.

Given these multiple areas to deploy profitably our capital, our pricing targets for cat-exposed property reinsurance and retro continue to rise. We remain committed to manage volatility through our long-standing disciplined underwriting, robust portfolio construction and through increased property hedging in both traditional and alternative hedges. The current property momentum is generally favorable and likely will last well into 2020, but additional improvement in rates, terms and conditions are required in global property reinsurance and retro markets given the elevated risk factors and increased exposures in certain territories as well as the recent substantial industry losses. More rate is required to get back to adequate levels to achieve a long-term, appropriate and sustainable return on capital. Concentrating property underwriting on our core clients has created a better risk-adjusted portfolio with significantly more dollars of profit per unit of risk, and we do have the capacity to increase our participation in improving markets when returns increase enough to

warrant.

We expect January 1 property rates to generally be up in most regions, and more recently loss-affected territories will see greater impacts. In retro, we anticipate double-digit rate increases. With Hagibis causing further losses and trapped capital late in the year and uncertainty of ultimate loss, rates may improve more.

Improvement in retro is necessary given those rates have been under the most pressure by nontraditional capital but also because retro bore a disproportionate share of losses since 2017. Everest has the capital and capability to effectively write in this market. We believe there will be select opportunities to deploy additional capital depending on market conditions.

Overall, we are in a reinsurance market where favorable trends exist for those able to capture and maximize the best opportunities. With our financial strength, nimble culture, global capabilities and diversified capital sources, we are prepared to meet our clients' needs while delivering superior results to our shareholders.

Thank you, and now I will turn it over to Jon Zaffino to review our insurance operations.

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**Jonathan Martin Zaffino Everest Re Group, Ltd. - Executive VP, CEO & President of the Everest Insurance Division**

Thanks, Jon. Good morning. Everest Insurance has just completed another quarter of solid execution, resulting in excellent top line growth, and more importantly, continued profitability. We continue to advance our strategy to build a world-class, diversified specialty insurance group fueled by talent, partnerships and a deep set of specialty products that are well positioned within this changing market. Our solid results this quarter billed on the first 2 quarters of this year and marked the 19th consecutive quarter of growth for the insurance operations. Our gross written premium growth of 29% quarter-over-quarter is once again balanced across all major business segments. Our growth accelerated this quarter beyond our year-to-date trend line of plus 21%, in part, reflecting the changing nature of the market which is impacting nearly all major product lines. This is particularly the case for business originated within the excess and surplus line market, which accounted for over 1/3 of our premium written in the quarter.

Our new business this quarter provides some additional context on our balanced growth. It was driven by a multitude of areas, reflecting the specialty nature of our portfolio, including: specialty casualty, which, once again, experienced meaningful rate increases in the quarter; our property and short-tail businesses, led by both our retail and excess and surplus property divisions, both of which also achieved meaningful rate increases; and our various other specialty product lines, including transactional risk, credit and political risk and surety. Each of these businesses continues to see meaningful increases in opportunity.

The segments I just referenced make up approximately 75% of our business growth in the quarter and represent the balanced portfolio we seek to build. The combined ratio for the quarter is 96.4%, 3.2 points better than the third quarter of 2018 and year-to-date is 96% or 2.1 points better year-over-year. This is due to both lower catastrophe losses impacting our repositioned property portfolios and to an improved attritional loss ratio. The expense ratio remained stable despite our continued commitment toward investments in people, technology, new business units and new facilities. New underwriting capabilities established in Bermuda and the regulatory approval of the London branch of our Irish insurance company are good examples of these new facilities and represent our continued commitment to international expansion. Further, new and expanded office locations in the U.S. are bringing us closer to the customers and trading partners we serve.

Turning to the rate environment. We are encouraged by the results we see here. In the quarter, we experienced pure rate increases, which exclude the impact of exposure of 7.6%, excluding workers' compensation, and a positive 6.7% year-to-date. The quarterly ex work comp rate increase is the largest increase seen since the second quarter of 2012 and continues to be led by double-digit rate increases within our property and commercial auto portfolios.

Financial line and umbrella-excess are also showing improvement in the mid- to high-single digits, while general liability rate lift continues to build momentum with rate increases in the mid-single-digit range. The London wholesale market is also improving, showing double-digit improvement this quarter driven by professional indemnity, management liability and property. Year-to-date, International is showing a 7% improvement.

We are very well positioned to take advantage of this improved pricing environment. In terms of our people, product set and our ability to offer compelling solutions to the market. This, coupled with strong retention rates within both our wholesale and retail books, is an encouraging sign. In other words, the strategic plan we have been executing over the last several years has positioned us well in this current rate environment.

Most importantly, this growth in top line, coupled with improved business metrics, has resulted in Everest Insurance continuing to post an underwriting profit over 2x greater for the year-to-date period and now standing at 10 of the past 11 quarters. As Craig mentioned in the new investment disclosure, the pretax net investment income for insurance is \$140 million year-to-date, thus our pretax operating income year-to-date now stands at \$195 million, an excellent result.

In conclusion, we remain pleased with the continued progress we are making and the establishment of a world-class specialty insurer. The over 90,000 new business submissions we have received year-to-date in our direct broker operations speak to our relevance and positioning in this market. Further, the underlying performance of our diverse books of business remains solid, and hence, we are well positioned to create value for all of our constituents in the evolving market ahead.

We look forward to reporting back to you on our progress next quarter. And with that, I'll turn the call back over to Holly for Q&A.

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) We will now take our first question from Amit Kumar from Buckingham Research Group.

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### **Amit Kumar *The Buckingham Research Group Incorporated - Analyst***

And welcome to Juan on the conference call. One question and one follow-up. Maybe I'll start with Juan. With you coming onboard, and I know you mentioned that you've been meeting people, et cetera, over the past 2 months. Do you have a view on Everest Re's reserves? And will you be doing some sort of a ground-up reserve review as we head into year-end?

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### **Juan Carlos Andrade *Everest Re Group, Ltd. - COO***

Thanks, Amit, and thank you for the welcome on that. And, look, as you pointed out, I've had the opportunity to actually travel quite extensively over the past 2 months, meeting people, reviewing our businesses, et cetera. With the point specifically on reserves, I have had a number of discussions with our actuarial team, and what I can tell you is that Everest has a very solid process. Expected loss ratios are reflective of our best current information, industry data and other data sources. We also have very experienced underwriters who know their business, and they proactively work to mitigate known potential and unknown exposures, and the company also reacts to bad news quicker than good news. So we're constantly analyzing, taking actions on these findings and constantly repeating this process to ensure the strength of our balance sheet. Frankly, this process has resulted in Everest initial loss ratio picks developing, on average, over the last -- over 2 points favorable, including cats, over the past 10 years. And again, I think that's an important point that we have seen favorable development, on average, of 2 points over the last 10 years from our initial loss ratio picks. So I believe that we have a solid process, and we're constantly reviewing this performance of our business, and we will take action if it's warranted.

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### **Amit Kumar *The Buckingham Research Group Incorporated - Analyst***

Got it. That's helpful. And the only follow-up, and I will re-queue. This might be for Dom or Mr. Zaffino. Going back to the growth in the Insurance segment, I think 21%. I know we discussed this on the last call. However, in some of the recent conference calls, there have been further alarm bells on the loss cost trends, the discussion on social inflation, the total environment, even the underlying loss cost trends. Does this give you a reason to maybe slow down the growth from here? Or how are you thinking about the rate versus your loss cost trend metric?

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### **Dominic James Adesso *Everest Re Group, Ltd. - President, CEO & Non-Independent Director***

Let me start, and I'll ask Jon to jump in as well. As we previously mentioned in the opening comments, any new business opportunities that we take on appropriately contemplate trend, frequency and severity, et cetera. And obviously, we've been getting rate increase for



the last couple of years in many of the lines. I'd also point out that, as I mentioned in my opening remarks, our loss picks that we put on these books of business are very conservative from the very beginning and reflect those trends that we're all concerned about. In fact, relative to the market, I'll point out that, take commercial auto for example, we've been increasing our loss pick there for the last couple of years in recognition of those trends. Similarly on excess liability, the same thing, although we're not necessarily seeing any spike in claims activity. But in anticipation of some of the noise within the marketplace, again, we're picking a conservative number. Likewise on workers' compensation where we've seen rate decreases, we've also been increasing our loss selection there. Although that line of business continues to trend very favorably from a loss reserve perspective. So we certainly share the market's concerns over these issues. But as I've mentioned earlier, we think we have them properly ring-fenced. And we'll see what the future will tell for that. And, Jon, do you have anything to potentially add to that?

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**Jonathan Martin Zaffino Everest Re Group, Ltd. - Executive VP, CEO & President of the Everest Insurance Division**

Yes. Let me touch on the growth for a second in the quarter here, and there's really 5 or 6 things we're seeing as contributory to the growth. First and foremost, as I mentioned in my prepared remarks, it's all increased rate opportunity that we're seeing across the board almost, excluding workers' compensation, combined with pretty solid renewal retention. So if you recall from prior quarters, there was a lot of portfolio reshaping, repositioning going on. We've seen that stabilize, so our retention ratios are much stronger than they have been.

Secondly, as I mentioned, we're seeing a lot of opportunity in the E&S space. Submission flows are through the roof. We're seeing a lot more opportunity there, a lot of dislocation, and it's predicated off of a number of different factors, but we're certainly taking advantage of that. And then somewhat linked to that is the growth in our underwriting population. Over the last year, we sort of stopped the clock at third quarter of '18 to say we've increased the underwriting population by almost 20%. So we have more people, wonderful talent across the board who's able to respond to this market change and condition, and we're taking advantage of that. The other piece I'll point out is even as you look at the supplement, even in our -- some of our specialty casualty areas -- remember, very little of what we do is standard business. This is a specialty company. So while it might be in a certain line like GL, we will write GL out of 12, 13 different areas, each with various tones of specialization. And as Dom mentioned, we're going to react to trends as we see them. We're constantly monitoring for those and react accordingly. So you almost have to deconstruct those buckets to really get the -- to feel what's happening underneath there, but we're comfortable where we're at.

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**Operator**

We will now take our next question from Elyse Greenspan from Wells Fargo.

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**Elyse Beth Greenspan Wells Fargo Securities, LLC, Research Division - VP and Senior Analyst**

My first question. Was hoping, Juan, to get some color from you just in terms of thinking about Everest's outbound retro strategy for next year, if you have a view in terms of using cat bonds, ILWs or traditional retro within the outbound purchases. And I guess, just on an overall basis, you guys alluded to retro rates increasing substantially at 1/1, and so retro rates really do skyrocket next year. Would you have to shrink your kind of curve capacity if you aren't able to buy that coverage?

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**Juan Carlos Andrade Everest Re Group, Ltd. - COO**

Sure, Elyse. So let me start, and I'll ask John Doucette to add some color to that. Look, I think as John Doucette mentioned in his remarks, we are seeing a change in the retro market. There's a lot of trapped capital currently out there, particularly from the events in '17, '18 and '19. And as a Jon mentioned, the majority of that retro really has been without alternative capital. As far as rated carriers are concerned, this does create an opportunity for us to get additional rate that is much needed in that space and for us to have essentially opportunities for growth there, albeit on a disciplined way of doing that. So we are looking at opportunities for growth in that space right now, and I think John can give you a little bit more color on our strategy.

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**John Paul Doucette Everest Re Group, Ltd. - Executive VP, President & CEO of the Reinsurance Division**

Yes. Thanks, Juan. So part of the rationale as to how we built the strategy of how we think of hedging the book is we want to get it to the right net risk appetite and then also shape the book to where we want, more here or less there, in terms of net position. But very importantly is we have -- and we've talked about this a lot. We have a variety of hedges, different products, different durations, different attachment points, different territories, frankly, different investor pools of capital that we're -- that we've been tapping into. And that's

the cap on capital pool is different than the Logan investor pool is different than our traditional reinsurance and retro hedges that we put in place, different than ILWs. And what we have built is a suite of those that are a lot more robust than any one of them individually. And I would note that, particularly with the cat bonds, and this was intentional, the cat bonds that we do are on a multiyear basis. And we are one of the largest, if not the largest, sponsor of the catastrophe bonds in the world on the property side. And those basically, year-over-year, will have no increase in the cost of hedging. And so that provides a nice, stable anchor to our hedging strategy, and then -- and again, we'll look at all -- across the whole suite of the different hedges that we have. We'll look at that in terms of how -- what we want to do where and based on availability and price and execution and things like that.

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**Elyse Beth Greenspan Wells Fargo Securities, LLC, Research Division - VP and Senior Analyst**

Okay. And then my second question. If we could -- do you guys have an initial view on the Q4 cat losses for Everest? We obviously had another typhoon in Japan. You also have the California fires and some events within Texas. And, Craig, in terms of taking to the Q4 cats, can you just kind of guide us in terms of tax rate for the fourth quarter as well?

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**Dominic James Addresso Everest Re Group, Ltd. - President, CEO & Non-Independent Director**

Let me start, and I'll then ask Craig to mention the tax rate. It's really early days on assessing Hagibis. You've seen, I'm sure, what the modeling firms have put out in one particular case. The range is pretty wide, and it's really too soon for us to direct the market on where that loss is ending up. We obviously have other events, Faxai, that can be used somewhat as a guidepost. But even in that particular case, it is still very early in assessing where that might end up. Although, obviously, we feel we've reserved it conservatively at the high end of the range. So we can't give any guidance at this point until we know more. And the minute we know more, or have come up with an estimate. We certainly will be potentially disclosing that. And, Craig, why don't you...

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**Craig William Howie Everest Re Group, Ltd. - Executive VP, CFO & Treasurer**

Elyse, this is Craig. With respect to taxes, I mentioned in my comments one of the things that we look at from an effective tax rate standpoint is the number that we gave for this quarter is an annualized number. It's essentially a 9% rate. If the catastrophe estimates for the fourth quarter are higher than our planned catastrophe estimates for the fourth quarter, we would expect that rate to be lower than the 9% rate. As far as what's in the plan for the fourth quarter, we've given you guidance before that our average annual cat load is just under 7 points of cat and about 1/4 of that would be in our planned cat load for the fourth quarter.

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**Dominic James Addresso Everest Re Group, Ltd. - President, CEO & Non-Independent Director**

Keep in mind that -- I know you're trying to get to a specific number on the P&L. But in fact, to the whole notion of how we manage cat exposure, we do manage cat exposure on an after-tax basis. Clearly, some markets don't have the ability to do that because they're in a tax-free jurisdiction, but we look at our net cat exposure on an after-tax basis. So we think we have a unique ability to take on business in a tax-efficient manner.

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**Operator**

We will now take our next question from Brian Meredith from UBS.

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**Brian Robert Meredith UBS Investment Bank, Research Division - MD, Financials Research Sector Head & Global Insurance Strategist**

Yes. John, I'm just curious your commentary about more renewals and solid pricing and what's happening here. If you break that down, what are you looking at as far as Europe goes? Because Europe, I don't think it's had quite the cat activity. And could that potentially offset some of the -- kind of good pricing we're seeing in retro when we look at the total picture?

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**John Paul Doucette Everest Re Group, Ltd. - Executive VP, President & CEO of the Reinsurance Division**

Yes. Brian, it's John. Yes. I mean, look, we write \$6 billion to \$7 billion premium all over the world, all products, all lines and across large clients, small clients. There's going to be pockets that we think are doing better. We'll try to allocate more pockets that aren't necessarily doing as well. There'll be less. And to your point, so we went to -- this is the conference season. So several of us went to Monte Carlo, and there was a lot of bullish talk on pricing there. Then we -- some of us went to CIAB out in Colorado, and it was more bullish there. Part of that is the timing. Part of that is the territory. And then a lot of our underwriters just recently came from APCIA, and we're more bullish still. So we're seeing -- generally, I think we're feeling like there's some momentum building on the pricing, but there are definitely



pockets of that, that, that wouldn't apply too as much. And in bottom, the conversation was more muted, partially because of the loss activity over the last few years. And right now, going on now is the Asian conference, SIRC. So we're looking to get feedback there. But part of -- as we really think about this global portfolio and how we dynamically allocate it, we'll do that in real time based on where we see the opportunity set for us best to deploy our capital.

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**Brian Robert Meredith *UBS Investment Bank, Research Division - MD, Financials Research Sector Head & Global Insurance Strategist***

Great. And then just quickly on the Insurance side, I'm just curious. Big growth in your property short-tail this quarter after it being kind of down for the last several quarters. What kind of happened all of a sudden caused a big shift there?

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**Jonathan Martin Zaffino *Everest Re Group, Ltd. - Executive VP, CEO & President of the Everest Insurance Division***

I don't know if it was a big shift as it might look. There are obviously improved market conditions that we're seeing. Some of it has to do with lower year-over-year comps on some deliberate actions we took in the prior year in the portfolio. But overall, we're feeling quite optimistic about the opportunities that are coming in. Obviously, we measure those on a real-time attribution basis, and we can see sort of what's happening. And we're very confident that the book that we're assembling right now is quite strong. So some of it's year-over-year comps, but it was just simply a function of market opportunity and rate.

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**Brian Robert Meredith *UBS Investment Bank, Research Division - MD, Financials Research Sector Head & Global Insurance Strategist***

Great, great. And just one other quick one on the Insurance side. Special liability, are you guys seeing the same type of loss trend pressure that others have kind of talked about and reported?

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**Jonathan Martin Zaffino *Everest Re Group, Ltd. - Executive VP, CEO & President of the Everest Insurance Division***

We're seeing it as an industry observation, but not as much in our book. If you recall 3 years ago, we took very aggressive corrective action and basically took most of our exposure off, particularly in the public D&O space. So we are watching the same types of events, and we are seeing those. But our book is a bit different, a bit insulated. What we're encouraged by, Brian, is the rate we're seeing. So if we look at it quarter-over-quarter on our professional liability book or our D&O book, it's -- the rates have almost doubled. So we're more constructive on that market going forward, so starting to build some exposure, but we've been a little bit insulated by some of those broader trends.

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**Dominic James Adesso *Everest Re Group, Ltd. - President, CEO & Non-Independent Director***

And that is another series of lines of businesses where we took -- made some loss pick selections higher a couple of years ago. So we have been aggressive in pushing up our loss picks in those lines as well. I mentioned earlier the casualty, in particular, and commercial auto but also on the professional areas, we've been pushing up our loss cost -- pushing up our loss picks.

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**Operator**

We will now take our next question from Yaron Kinar from Goldman Sachs.

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**Yaron Joseph Kinar *Goldman Sachs Group Inc., Research Division - Research Analyst***

First question is around losses from Dorian and Faxai. I guess there are many ways to slice and dice this, but one thing I did note was that the market share -- Everest market share of these losses seem to be pretty much in line with the market share of prior losses in these regions for the company. And I would have just thought that maybe that market share should compress, just given the actions that you've taken to shrink your catastrophe exposures. So any thoughts on that?

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**John Paul Doucette *Everest Re Group, Ltd. - Executive VP, President & CEO of the Reinsurance Division***

Yaron, it's John. Overall, we did -- as we repriced the book, we did take -- decreased some net exposure, as you saw in our PML that we stated. And part of it is a function of what we were trying to get to in some of the more of the peak zones, and part of it is a function of where we see the opportunity set. So we have been a very strong supporter, for example, in the Caribbean for a long time. We have developed a very nice attractive book there. And correspondingly, we have a decent market share there. And our intention always is try to have a lower market share of the loss, the market share of the premium as we try to build out the portfolio. But part of it is where the specifics of the losses that happen.

**Dominic James Addesso Everest Re Group, Ltd. - President, CEO & Non-Independent Director**

So you would have seen -- I think another way to answer that question is that, as we were trying to reduce some volatility, as John mentioned, looking at our PML disclosures, certainly a big part of the reduction would have occurred in Florida specifically.

**Yaron Joseph Kinar Goldman Sachs Group Inc., Research Division - Research Analyst**

Okay. That's helpful. And then my second question just goes back to the Bermuda reinsurance segment where we saw a significant decrease in the commissions and brokerage ratio. Can you maybe talk about that?

**Dominic James Addesso Everest Re Group, Ltd. - President, CEO & Non-Independent Director**

Craig, can you...

**Craig William Howie Everest Re Group, Ltd. - Executive VP, CFO & Treasurer**

Yaron, this is Craig. One of the things that I would encourage you to take a look at with respect to that Bermuda book and the commission lines, specifically, is look at it more on a year-to-date basis. What is included in that line is also contingent commissions, but what you're really seeing is a change in business mix. What we've seen is lower costs on the commissions paid for some of the property pro rata business and some larger global account deals that have been written as well as mortgage. Offsetting this slightly is what you're seeing is a higher loss pick, which is up about 1 point year-over-year. So again, the idea was to grow the book but to get it -- to grow the book at a better overall margin.

**Yaron Joseph Kinar Goldman Sachs Group Inc., Research Division - Research Analyst**

Okay. So I guess we should look at the year-to-date results as maybe a better indicator of the actual run rate?

**Craig William Howie Everest Re Group, Ltd. - Executive VP, CFO & Treasurer**

Yes. So that's down about 3 points, but that's more in line with where we would expect it to be than the quarter number, yes.

**Dominic James Addesso Everest Re Group, Ltd. - President, CEO & Non-Independent Director**

And keep in mind, that highlights the fact that -- we've been saying about improving rates, terms and conditions on the reinsurance portfolio. That evidence fell through in the proportion of business through lower, lower cedes. So that's where we're seeing the benefit of that.

**Operator**

We will now take our next question from Ryan Tunis from Autonomous Research.

**Zhang Lu Autonomous Research LLP - Analyst**

This is Crystal Lu in for Ryan Tunis. My first question is about the reserve development this quarter. Can you provide some detail on where the reserve releases came from?

**Craig William Howie Everest Re Group, Ltd. - Executive VP, CFO & Treasurer**

Sure, Crystal. This is Craig. What I would say to you with respect to the reserve studies that were completed this quarter, essentially what we saw were releases from Canada as well as accident and health on the reinsurance side.

**Dominic James Addesso Everest Re Group, Ltd. - President, CEO & Non-Independent Director**

In addition to the mortgage.

**Craig William Howie Everest Re Group, Ltd. - Executive VP, CFO & Treasurer**

In addition to the -- yes. In addition to what we had said with respect to the commutation of the multiyear deal. But the actual reserve studies that were completed for the quarter were favorable by about \$4 million.

**Zhang Lu *Autonomous Research LLP - Analyst***

Okay. That's helpful. And the second question is on capital management. Can you just talk a little bit about your desire to build capital versus return it going forward?

**Dominic James Addesso *Everest Re Group, Ltd. - President, CEO & Non-Independent Director***

Well, first of all, our strategy around capital has always been to certainly maintain some level of excess capital in order to support the growth that we've had, and you've seen how we've been able to grow the business organically over the last couple of years. So we clearly feel that we do have sufficient capital, and we also feel we have some excess capital. But we have not been, in essence, returning -- buying in any shares over the last several months. As you know, our stated intentions have always been to not be aggressive in terms of buying in shares during catastrophe season. So it doesn't diminish our appetite for share repurchases going forward or in any other forms of returning capital to shareholders once we emerge out of the cat season.

**Operator**

We will now take our next question from Meyer Shields from KBW.

**Meyer Shields *Keefe, Bruyette, & Woods, Inc., Research Division - MD***

Great. This is, I think, mostly for John Doucette. I'm trying to balance the benefit of accelerating and increasingly earned rate increases against the book of business diversification into higher loss ratio lines. So basically, can you give us a sense as to when the benefits of rate will match or outpace the higher attritional combined associated with more casualty?

**John Paul Doucette *Everest Re Group, Ltd. - Executive VP, President & CEO of the Reinsurance Division***

That's a multi-faceted question. There's not a simple answer for that. We do look at -- maybe I'll bring it back to kind of our pricing and ROE framework. So we do have a holistic ROE framework that goes across all lines of business, all territories, and that factors in volatility of the lines, historical performance of the lines. It also factors in duration. So we can kind of crystallize things into one view of risk and return based on an ROE framework that we have, and we would see -- and so that would factor in long duration versus short duration, volatile versus nonvolatile and things like that, that allows us to help turn the dials. And again, that will vary all over the place by territory, by line, by client, by size, by product, et cetera.

**Dominic James Addesso *Everest Re Group, Ltd. - President, CEO & Non-Independent Director***

Keep in mind, too, Meyer, the other thing that I think was worth considering or looking at and things -- something we've referenced in the past is that you've got to be careful about just looking at the combined ratio. And sometimes, you got to pay attention to the dollars, to the bucks. And the reality is, is that when you look at our underwriting result in dollar terms, it's actually gone up year-over-year. So I understand we look at the combined ratios themselves, but we also look at dollars of profit.

**Meyer Shields *Keefe, Bruyette, & Woods, Inc., Research Division - MD***

No. That's very fair. Just a quick follow-up. The Faxai estimate that you guys put out was clearly very conservative. But I'm wondering, now that we've had another typhoon in sort of the same region and the risk of some demand surge associated with that, is there still a risk of, I guess, either industry-wide or Everest's Faxai losses going up?

**Dominic James Addesso *Everest Re Group, Ltd. - President, CEO & Non-Independent Director***

Oh, I don't know how you answer that, Meyer. You could always say there's a risk to anything, and perhaps there's a risk that it could go down, too. I mean maybe that's the right way to answer it. But we've reserved it what we think is a very conservative level. I think it's been suggested that the industry ranges reflect the risks that you are referencing. So therefore, perhaps it's already embedded in the industry estimates. Look, more than that, we're not certain, but we don't have strong conviction that we're going to be short. Put it that way, best way I could say it.

**Operator**

We will now take our next question from Mike Zaremski from Crédit Suisse.

**Michael David Zaremski *Crédit Suisse AG, Research Division - Research Analyst***

Dom, first off, congrats on a successful career at Everest, and all the best to you. My first question -- as I've taken everything's been said on the call so far, it feels like if we think about on the casualty side that you're saying the trend is well within rate increases. And then also, I think, Dom, you mentioned you guys have been underweight in some of the lines that might be causing some higher trend for -- more so for your peers. I'm just kind of curious. Is there a fear factor in the broader marketplace right now in the casualty side causing rates to move so much? Or is it truly a change in loss trend coming into the marketplace or both?

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**Dominic James Addresso *Everest Re Group, Ltd. - President, CEO & Non-Independent Director***

So -- I think it's -- it could be a number of factors, and I'll ask certainly any of my colleagues here to chime in as well. I do think that the marketplace is seeing trend, clearly, which, again, we feel that we've either accommodated through rate increase and/or a higher loss pick. And just to stay on that point for just a second, I think you'll find that if you examine our lines of businesses that we are near the high end, if not at the high end, or even above many industry loss estimates for the industry loss picks. So we have reserved it conservatively. And clearly, with our mid-90s combined ratio and you back off a very competitive expense ratio of lower than average expense ratio, you back into a loss ratio that I think you'll find is, again, above the industry. And that's not because of our book of businesses. It's because we conservatively selected a loss space. So just to focus on that for just a second.

But I do think, back to your question, factoring will be trend. The factor will be perhaps some of the industry maintaining their loss picks through a softening cycle and perhaps they're seeing some of the redundancy, if have had redundancies, start to erode. That's a factor as well. Certainly, anemic investment returns, meaning an increasing desire or need to have an increasing underwriting return. Those are all factors that impact any underwriter's view or any management's or executives' view of where the market needs to go.

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**John Paul Doucette *Everest Re Group, Ltd. - Executive VP, President & CEO of the Reinsurance Division***

Yes. And, Mike, this is John Doucette, and I just want to add a little more color from the reinsurance side. So, yes, we have been underweight over the last several years, and I encourage you all to go back and look at what we've been saying about casualty going back 6 or 7 -- starting 6 or 7 years ago, where we talked about concern of worsening casualty markets, broadening terms and conditions and some emerging risks. And clearly, increased ceding commissions on the reinsurance side. A lot of that is now coming to fruition. So it's exactly what we have been talking about in re-underwriting and managing our portfolio for a long time, which we think puts us in a good stead going forward to take advantage. We are seeing some of the larger buyers come back into the market, and that can have a meaningful impact on the reinsurance market. So a lot of those losses also had stayed with some of the large globals who have been buying less. And I think the pendulum swinging back now as they're looking to help decrease their net lines as well as the underwriting results that they're doing on a gross basis. So we think that will certainly impact the market. So a combination of what we had done starting 6 or 7 years ago as well as the opportunity set that we have with our ratings and balance sheet and positioning with the large global clients who have very, very tight reinsurance security list and a whole lot of reinsurers either don't qualify or aren't allocated large lines to them, we think puts us in a good stead for what we see as an improving casualty market going forward.

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**Michael David Zaremski *Crédit Suisse AG, Research Division - Research Analyst***

That's helpful points. And finally -- yes, please.

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**Jonathan Martin Zaffino *Everest Re Group, Ltd. - Executive VP, CEO & President of the Everest Insurance Division***

No. I was just going to add one quick point from insurance side. And just to be clear, I don't think we dispute the fact that there is trend. There is trend. I think what Dom is referencing is we've made conservative loss selection, but I'll give you a for instance here on our commercial auto book. On the insurance side, I just want to remind you, it's less than 10% of our total premium. So it's not a big part of what we do. Our accident years '13 through '16, we took corrective measures all throughout the reserving processes, and so we did see the average development. The reality is we have already taken the measures to address that. So just a quick point. We're not disputing the fact that there is trend. It's real, but I think some of the measures we've taken are giving impact.

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**Dominic James Addresso *Everest Re Group, Ltd. - President, CEO & Non-Independent Director***

Thanks, Mike.

**Michael David Zaremski *Crédit Suisse AG, Research Division - Research Analyst***

Okay. That's helpful. And lastly just maybe for John Doucette. You spoke about property reinsurance and about there being elevated risks and more rate needed to reach "adequate levels." So I guess do you feel that in the segment of the prop cat market that maybe isn't earning its cost of capital today, and so we need to see double-digit plus rate increases to kind of get more bullish on you guys growing that portfolio meaningfully?

**John Paul Doucette *Everest Re Group, Ltd. - Executive VP, President & CEO of the Reinsurance Division***

Yes. There's a lot of moving parts there. And so a lot of it is a function of what, where the losses have happened and frankly what the response for the market and what the response of some of our clients is to losses. And \$250 billion, \$350 billion of losses we sometimes have a disagreement with some of our clients in terms of what the right price equilibrium should be after the losses have happened. And you look at different brokers put out different rating indices. And while we have seen some rate, that's kind of coming back. That's building back up to some of the rate decreases that have been happening since in 2011, 2012, and we watch that carefully. So we are looking. It will vary -- certainly, there's been underwriting issues that we've been focused on in terms of re-underwriting and managing our wildfire exposure and things like that, that we had focused on. So there's a variety of conditions that -- where we're going to get to. But we're going to deploy capacity where we think we're getting paid the best. We're going to deploy capacity behind long-term strategic clients, and that will vary by product, and then we'll allocate. And this is important that I don't think people realize as much. We also move between excess loss -- cat ex loss versus proportional versus per risk, and we'll move that within the same client to get -- and we'll also move within cat layers. We'll move up and down layers based on where we think we have the best rates, and that's very helpful. And because of our trading relationships and our balance sheet, we have more ability to do that than some of our competitors. And then we'll also look at allocating between our reinsurance and retro based on where we see the best pricing conditions. So there's a lot of moving parts going into that for where and how we're going to deploy our capacity.

**Operator**

We will now take our next question from Josh Shanker from Deutsche Bank.

**Joshua David Shanker *Deutsche Bank AG, Research Division - Research Analyst***

And, Dom, congratulations on a decade. Hopefully, you won't be a stranger. And congratulations to Juan on your start at Everest. Wish you the best.

**Juan Carlos Andrade *Everest Re Group, Ltd. - COO***

Thank you, Josh.

**Joshua David Shanker *Deutsche Bank AG, Research Division - Research Analyst***

Yes. First question, I guess for John Doucette. And if we look over a multiyear attritional combined ratio like underlying in the reinsurance space, it's been going up. As you've been deemphasizing catastrophe -- or not deemphasizing, but writing non-cat and casualty as a higher proportion of the book, as we think about 2020 and the mix of the book, should we continue to see the attritional combined ratio rising in the reinsurance segment based on mix?

**John Paul Doucette *Everest Re Group, Ltd. - Executive VP, President & CEO of the Reinsurance Division***

Josh, I think I would say the year-to-date numbers today for the attritional loss are probably a decent indicator for what 2020 is going to look like.

**Dominic James Adesso *Everest Re Group, Ltd. - President, CEO & Non-Independent Director***

And again, back to -- let me -- Josh, let me just jump in. By the way, thank you for your thoughts. Let me just jump in here. Again, back to my comment I made earlier about let's not get too focused on the "combined ratio". The only way you'd see the combined ratio go up on an attritional basis is if the dollars of profit margin would be going up. So that's the way we would look at it.

**Joshua David Shanker *Deutsche Bank AG, Research Division - Research Analyst***

Okay. But of course, I mean, the cat business has a very low attritional combined ratio to it and so lower proportion of the overall pie, I guess.



**Dominic James Adesso Everest Re Group, Ltd. - President, CEO & Non-Independent Director**

I take your point on that, and I don't think you'd necessarily see that book of business shrink so dramatically that it would have a meaningful impact on that element of the combined ratio that you're referencing.

**Joshua David Shanker Deutsche Bank AG, Research Division - Research Analyst**

All right. And then for Jon Zaffino, on the insurance and winning business, we are seeing with some of the companies that have already reported a decline in retention on their insurance businesses. Could you just talk a little bit about the relationship with distributors and what they're seeing in terms of how competitive you need to be with the brokers in order to win new business?

**Jonathan Martin Zaffino Everest Re Group, Ltd. - Executive VP, CEO & President of the Everest Insurance Division**

Josh, I guess I would maybe reframe the question a little bit and just start by offer a comment on what defines a relevance to our brokers. Number one, and we talked about this in the past, while we've been active at transforming and building the insurance operations over the last 5 years, recall that all of our main divisional "client-facing leaders" are far from new to this business, averaging over 30 years' experience. They have deep and long relationships with many of our distribution sources. So number one, we have a number of connection points within both the retail, wholesale, even delegated authority pockets of the market. Secondly, I think one of the keys themes for relevance is can you bring forth a very strong, differentiated balance sheet across a wide range of products. That's why we constantly sort of quote the 150 specialty products. And we're finding that happen in lots of different pockets. We're seeing the relevance of that in a lot of different pockets. For instance, some of our rating-sensitive lines of business, D&O, credit, political risk, surety, our balance sheet differentiates So we're seeing a good flow of opportunity there. In a market like this, the key is to be able to respond to the flow that you're receiving. So a lot of the work we're doing -- and we constantly talk again about investments in technology. How do we handle all this throughput? Again, I mentioned, I think, the 90,000 submissions new business year-to-date. How do you handle that? A lot of work we're doing operationally to make sure we're prepared. So when you think of those things together, the relationships we have, the wonderful balance sheet, the deep set of products and the improvement operational environment to handle all this, it creates a pretty powerful formula. Did that get to it, Josh?

**Joshua David Shanker Deutsche Bank AG, Research Division - Research Analyst**

I suppose. And do you think that some of your competitors are getting less relevant as your abilities become more relevant in the market?

**Jonathan Martin Zaffino Everest Re Group, Ltd. - Executive VP, CEO & President of the Everest Insurance Division**

Well, I think one thing we are seeing is a change underwriting posture from a lot of our competitors. And you heard about limit compressions in a bunch of different markets which is opening up opportunity for us. We've been pretty much front foot from the beginning. We know what we want to do to. It's an organic build. We're not distracted by rapid changes in underwriting appetite. So we are picking up some of the advantage of a market that is viewed, I think, generally as quite skilled in what we do, very stable and very clear on what our asset types are. So that's been benefiting us.

**Operator**

As there are no further questions, I'd like to hand the call back to our speakers for any additional or closing remarks.

**Dominic James Adesso Everest Re Group, Ltd. - President, CEO & Non-Independent Director**

Yes. Thank you, Holly, and let me just close this out. I'd like to thank you all for joining this morning. And of course, thanks for the many years of relationships we've developed. As you know, this is my last earnings call, and you can well imagine the smile on my face. Not that I don't love you all, just saying. Actually, through that time, I've appreciated the exchange. It's not easy to summarize these last 10 years, but let me leave you with a few quick thoughts. As I've said many times, this is a long-term business. It needs to be managed in that fashion. And while, at times, conflicts with your mandate, which I understand, one shouldn't lose sight of the game plan. To that end, Everest has been on a path to grow shareholder value. And over a 10-year period, we had a compound annual growth rate of close to 10% in that shareholder value growth. And gross written premium has grown from \$4 billion in 2009 to what would be hopefully an annualized \$9 billion in 2019. At the same time, we reengineered our legacy Insurance business and bolstered those reserves and went on to build what is becoming one of the best premier specialty insurance franchises in the business, approaching \$3 billion in gross premium written. Our reinsurance business has evolved into a more diversified portfolio, growing profitably into what is now one of the top markets for brokers globally, a true international brand. Investment portfolio has been greatly diversified and by several metrics has

proven to be one of the best performing relative to duration, quality and data. None of this happens without the great team sitting with me here today, and I thank them enormously for their support and efforts. And now we ask Juan to lead us on that journey. I'm extremely confident that he and Messrs. Doucette and Zaffino, along with the rest of the Everest team, will continue to do great things.

Thanks for this morning, and hopefully, we'll see you in the days ahead. Have a good day.

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**Operator**

Ladies and gentlemen, this concludes today's call. Thank you for your participation. You may now disconnect.

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