



## Everest Re Group Reports Fourth Quarter and Full Year 2020 Results: Full Year Net Income of \$514 Million

February 8, 2021

**15% Growth in Full Year Gross Written Premium with Underlying Profit Improvement**

**11.4% Year on Year Growth in Book Value Per Share Inclusive of Dividends**

HAMILTON, Bermuda--(BUSINESS WIRE)--Feb. 8, 2021-- Everest Re Group, Ltd. ("Everest" or the "Company") today reported its 2020 fourth quarter and year end results.

### Fourth Quarter 2020 Highlights

- Net income of \$64 million equal to \$1.59 per share
- Net operating loss of \$(44) million, \$(1.12) per common share
- Gross written premium growth of 13%
- Attritional combined ratio of 86.3%, a 4 point improvement year over year
- Pre-tax net catastrophe losses of \$70 million, Covid-19 Pandemic ("Pandemic") losses of \$76 million, and a prior year reserve strengthening of \$400 million

### Full Year 2020 Highlights

- Net income of \$514 million, \$12.78 per diluted common share
- Net operating income of \$300 million, \$7.46 per diluted common share
- Growth in diluted book value per share of 11.4% inclusive of dividends
- Gross written premium growth of 15%
- Attritional combined ratio of 87.5%, ~ 1 point improvement year over year
- 2020 cash flow from operations of \$2.9 billion

The following table summarizes the Company's net income and related financial metrics and provides details on shareholders' equity and book value per share.

	Q4	Full Year	Q4	Full Year
Net income and operating income				
All values in USD millions except for per share amounts and percentages	2020	2020	2019	2019
Everest Re Group				
Net income	63.6	514.2	217.6	1,009.5
Net operating income (loss)	(44.2)	300.1	130.8	872.4
Net income per diluted common share	1.59	12.78	5.32	24.70
Net operating income (loss) per diluted common share	(1.12)	7.46	3.20	21.34
Net income annualized return on average equity	2.8	% 5.8	% 10.0	% 12.0
Net operating income annualized return on average equity	-2.0	% 3.4	% 6.0	% 10.3

## Year end equity and book value

Shareholders' equity	9,726.2	9,132.9
Book value per share	243.25	223.85
Growth in bvps adjusted for dividends	11.4 %	18.7 %

### Notes

1/ Refer to the reconciliation of net income to net operating income found later in this release

Everest Re Group President & CEO Juan C. Andrade commented: "We are relentlessly executing our strategies from a position of strength in this robust market as evidenced by 2020 growth in gross written premiums of 15% and net written premiums of 17% and improvement in underlying underwriting profitability. Our attritional combined ratio improved approximately one point to 87.5% versus the prior year, with our Insurance segment improving 2.3 points to 94.2%. Despite the \$511 million Pandemic loss provision and a \$400 million prior accident year reserve strengthening, we delivered \$300 million in operating income and \$514 million in net income providing a return on equity of 5.8%. Everest's investment income remained resilient at \$642 million despite the Pandemic's impact on financial markets and the sharp decline in interest rates. Our total shareholders' equity grew to a record \$9.7 billion from \$9.1 billion during the year, representing net book value per share growth of 11.4% including dividends. Everest has a strong capital position bolstered by the \$1.0 billion senior notes offering and a leading global franchise with great momentum entering 2021."

The following information summarizes the Company's underwriting results, on a consolidated basis and also by segment – Reinsurance and Insurance, with selected commentary on results by segment.

Underwriting information - Everest Re Group	Q4	Full Year	Q4	Full Year	Year on year change	
All values in USD millions except for percentages	2020	2020	2019	2019	Q4	Full Year
Gross written premium	2,750.5	10,482.4	2,436.3	9,133.4	12.9 %	14.8 %
Net written premium	2,449.3	9,117.0	2,120.2	7,824.4	15.5 %	16.5 %
Combined ratio	109.1 %	102.9 %	101.5 %	95.5 %	7.6 pts	7.4 pts
Attritional combined ratio	86.3 %	87.5 %	90.3 %	88.4 %	-4.0 pts	-0.9 pts
Pre-tax net catastrophe losses	70.0	425.0	225.0	575.5		
Pre-tax net covid losses	76.1	511.1	-	-		
Pre-tax net prior year reserve development	400.0	401.4	(19.2 )	(93.6 )		

### Notes

1/ Attritional ratios exclude prior year reserve development, Covid-19 pandemic impacts, catastrophe losses, and reinstatement premiums

## Reinsurance segment

- The reinsurance segment achieved strong growth with gross written premiums up 12% for the quarter and 15% for the year, driven by new business opportunities, growth with existing customers, and improved rates and terms and conditions.
- The combined ratio for the quarter and full year 2020 reflected the impact of catastrophe losses, Covid-19 pandemic losses, and a reserve adjustment in the amount of \$400 million.
- We have a more profitable portfolio driven by the consistent execution of our underwriting initiatives.

Underwriting information - Reinsurance segment	Q4	Full Year	Q4	Full Year	Year on year change	
All values in USD millions except for percentages	2020	2020	2019	2019	Q4	Full Year
Gross written premium	1,878.6	7,281.7	1,677.6	6,355.9	12.0 %	14.6 %

Net written premium	1,793.5	6,767.6	1,519.3	5,732.3	18.0	%	18.1	%
Combined ratio	112.4	% 103.0	% 103.9	% 95.4	%	8.5 pts	7.6 pts	
Attritional combined ratio	83.9	% 85.2	% 87.4	% 85.5	%	-3.5 pts	-0.3 pts	
Pre-tax net catastrophe losses	60.0	357.0	225.0	574.8				
Pre-tax net covid losses	56.1	407.1	-	-				
Pre-tax net prior year reserve development	400.0	396.9	(2.7	) (77.2	)			

#### Notes

1/ Attritional ratios exclude prior year reserve development, Covid-19 pandemic impacts, catastrophe losses, and reinstatement premiums

#### Insurance segment

- The Company's insurance segment achieved strong growth with gross written premiums up 15% for the quarter and 15% for the year, driven primarily by new business opportunities, strong renewal retention, and rate improvement.
- The combined ratio for the quarter and full year 2020 reflected the impact of catastrophe losses and Covid-19 pandemic losses.
- We achieved record renewal rate increases of +21% in the fourth quarter excluding workers compensation, and up 14% including workers compensation where we are seeing rates flatten.

Underwriting information - Insurance segment	Q4	Full Year	Q4	Full Year	Year on year change			
All values in USD millions except for percentages	2020	2020	2019	2019	Q4	Full Year		
Gross written premium	871.9	3,200.6	758.7	2,777.5	14.9	%	15.2	%
Net written premium	655.8	2,349.4	600.9	2,092.2	9.1	%	12.3	%
Combined ratio	99.0	% 102.6	% 95.1	% 95.8	%	3.9 pts	6.8 pts	
Attritional combined ratio	93.8	% 94.2	% 98.1	% 96.5	%	-4.3 pts	-2.3 pts	
Pre-tax net catastrophe losses	10.0	68.0	0.0	0.7				
Pre-tax net covid losses	20.0	104.0	-	-				
Pre-tax net prior year reserve development	-	4.6	(16.4	) (16.4	)			

#### Notes

1/ Attritional ratios exclude prior year reserve development, Covid-19 pandemic impacts, catastrophe losses, and reinstatement premiums

#### Investments and capital

- Net investment income of \$222 million for the quarter and \$647 million for the year, including limited partnership gains of \$91 million for the quarter and \$113 million for the year
- Total invested assets and cash of \$25.5 billion at December 31, 2020, 23% growth year over year
- Shareholders' equity increased to a record \$9.7 billion at December 31, 2020
- Book value per diluted share at December 31, 2020 of \$243.25, up 11.4% on a dividend adjusted basis since year end 2019
- Common share dividends declared and paid of \$1.55 per share, equal to \$62 million for the quarter
- The Company repurchased no common shares in the quarter

*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 and investment income fluctuations, trends in insured and paid losses, catastrophes, pandemic, 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.*

About Everest Re Group, Ltd.

Everest Re Group, Ltd. ("Everest") is a leading global provider of reinsurance and insurance, operating for close to 50 years through subsidiaries in the U.S., Europe, Singapore, Canada, Bermuda, and other territories.

Everest offers property, casualty, and specialty products through its various operating affiliates located in key markets around the world.

Everest common stock (NYSE:RE) is a component of the S&P 500 index.

Additional information about Everest, our people, and our products can be found on our website at [www.everestre.com](http://www.everestre.com). All issuing companies may not do business in all jurisdictions.

A conference call discussing the second quarter results will be held at 8:00 a.m. Eastern Time on February 9, 2021. The call will be available on the Internet through the Company's web site at [everestre.com/investors](http://everestre.com/investors).

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.everestre.com](http://www.everestre.com) in the "Investors/Financial Reports/Quarterly Reports" section of the website. The supplemental financial information may also be obtained by contacting the Company directly.

The 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) and after-tax net foreign exchange income (expense) as the following reconciliation displays:

	Three Months Ended December 31,		Twelve Months Ended December 31,					
	2020	2019	2020	2019				
(Dollars in thousands, except per share amounts)	(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)	\$ 63,601	\$ 1.59	\$ 217,644	\$ 5.32	\$ 514,151	\$ 12.78	\$ 1,009,461	\$ 24.70
After-tax net realized capital gains (losses)	149,950	3.74	61,052	1.49	217,017	5.39	150,808	3.69
After-tax net foreign exchange income (expense)	(42,165 )	(1.05 )	25,763	0.63	(2,932 )	(0.07 )	(13,767 )	(0.34 )
After-tax operating income (loss)	\$ (44,184 )	\$ (1.12 )	\$ 130,828	\$ 3.20	\$ 300,066	\$ 7.46	\$ 872,420	\$ 21.34

(Some amounts may not reconcile due to rounding.)

Although net realized capital gains (losses) and net foreign exchange income (expense) are an integral part of the Company's insurance operations, the determination of net realized capital gains (losses) and foreign exchange income (expense) is independent of the insurance underwriting process. The Company believes that the level of net realized capital gains (losses) and net foreign exchange income (expense) 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.

**--Financial Details Follow--**

EVEREST RE GROUP, LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS  
AND COMPREHENSIVE INCOME (LOSS)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
(Dollars in thousands, except per share amounts)	2020	2019	2020	2019
	(unaudited)		(unaudited)	
<b>REVENUES:</b>				
Premiums earned	\$ 2,396,483	\$ 1,948,071	\$ 8,681,513	\$ 7,403,686
Net investment income	222,349	146,077	642,465	647,139
Net realized capital gains (losses):				
Credit allowances on fixed maturity securities	17,896	-	(1,745 )	-
Other-than-temporary impairments on fixed maturity securities		(5,495 )	-	(20,899 )
Other net realized capital gains (losses)	165,490	80,938	269,394	205,903
Total net realized capital gains (losses)	183,386	75,443	267,649	185,004
Other income (expense)	(40,819 )	44,495	6,487	(4,660 )
Total revenues	2,761,399	2,214,086	9,598,114	8,231,169
<b>CLAIMS AND EXPENSES:</b>				
Incurred losses and loss adjustment expenses	1,976,771	1,407,794	6,550,837	4,922,898
Commission, brokerage, taxes and fees	513,080	450,226	1,873,250	1,703,726
Other underwriting expenses	125,372	118,923	511,237	440,899
Corporate expenses	11,934	10,344	41,118	32,966
Interest, fees and bond issue cost amortization expense	14,847	7,721	36,323	31,693
Total claims and expenses	2,642,004	1,995,008	9,012,765	7,132,182
<b>INCOME (LOSS) BEFORE TAXES</b>	<b>119,395</b>	<b>219,078</b>	<b>585,349</b>	<b>1,098,987</b>
Income tax expense (benefit)	55,794	1,434	71,198	89,526
<b>NET INCOME (LOSS)</b>	<b>\$ 63,601</b>	<b>\$ 217,644</b>	<b>\$ 514,151</b>	<b>\$ 1,009,461</b>
Other comprehensive income (loss), net of tax:				

Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period	87,375	(28,159 )	423,210	496,430
Reclassification adjustment for realized losses (gains) included in net income (loss)	(16,165 )	(8,393 )	(3,476 )	(12,613 )
Total URA(D) on securities arising during the period	71,210	(36,552 )	419,734	483,817
Foreign currency translation adjustments	55,937	29,235	86,327	14,030
Benefit plan actuarial net gain (loss) for the period	(5,615 )	(12,591 )	(5,615 )	(12,591 )
Reclassification adjustment for amortization of net (gain) loss included in net income (loss)	1,768	1,788	6,300	5,453
Total benefit plan net gain (loss) for the period	(3,847 )	(10,803 )	685	(7,138 )
Total other comprehensive income (loss), net of tax	123,300	(18,120 )	506,746	490,709
<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ 186,901</b>	<b>\$ 199,524</b>	<b>\$ 1,020,897</b>	<b>\$ 1,500,170</b>
<b>EARNINGS PER COMMON SHARE:</b>				
Basic	\$ 1.59	\$ 5.34	\$ 12.81	\$ 24.77
Diluted	1.59	5.32	12.78	24.70

EVEREST RE GROUP, LTD.  
CONSOLIDATED BALANCE SHEETS

	December 31,	
(Dollars and share amounts in thousands, except par value per share)	2020	2019
	(unaudited)	
<b>ASSETS:</b>		
Fixed maturities - available for sale, at market value	\$ 20,040,173	\$ 16,824,944
(amortized cost: 2020, \$19,225,068; 2019, \$16,473,491, credit allowances: 2020, (\$1,745); 2019, \$0)		
Fixed maturities - available for sale, at fair value	-	5,826
Equity securities, at fair value	1,472,236	931,457
Short-term investments (cost: 2020, \$1,135,088; 2019, \$414,639)	1,134,950	414,706
Other invested assets (cost: 2020, \$2,012,581; 2019, \$1,763,531)	2,012,581	1,763,531
Cash	801,651	808,036
Total investments and cash	25,461,591	20,748,500
Accrued investment income	141,304	116,804
Premiums receivable	2,680,562	2,259,088

Reinsurance receivables	1,994,555	1,763,471
Funds held by reinsureds	716,655	489,901
Deferred acquisition costs	622,053	581,863
Prepaid reinsurance premiums	412,015	445,716
Income taxes	17,253	305,711
Other assets	742,369	612,997
<b>TOTAL ASSETS</b>	<b>\$ 32,788,357</b>	<b>\$ 27,324,051</b>
<b>LIABILITIES:</b>		
Reserve for losses and loss adjustment expenses	16,398,997	13,611,313
Future policy benefit reserve	37,723	42,592
Unearned premium reserve	3,501,359	3,056,735
Funds held under reinsurance treaties	15,807	10,668
Other net payable to reinsurers	294,347	291,660
Losses in course of payment	127,971	51,950
Senior notes due 6/1/2044	397,194	397,074
Senior notes due 10/1/2050	979,524	-
Long term notes due 5/1/2067	223,674	236,758
Borrowings from FHLB	310,000	-
Accrued interest on debt and borrowings	10,460	2,878
Unsettled securities payable	206,693	30,650
Other liabilities	558,432	458,848
<b>Total liabilities</b>	<b>23,062,181</b>	<b>18,191,126</b>
<b>SHAREHOLDERS' EQUITY:</b>		
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; (2020) 69,620 and (2019) 69,464 outstanding before treasury shares	696	694
Additional paid-in capital	2,245,301	2,219,660
Accumulated other comprehensive income (loss), net of deferred income tax expense		

(benefit) of \$80,451 at 2020 and \$30,996 at 2019	534,899	28,152
Treasury shares, at cost; 29,636 shares (2020) and 28,665 shares (2019)	(3,622,172 )	(3,422,152 )
Retained earnings	10,567,452	10,306,571
Total shareholders' equity	9,726,176	9,132,925
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 32,788,357</b>	<b>\$ 27,324,051</b>

EVEREST RE GROUP, LTD.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Twelve Months Ended December 31,	
	2020	2019
	(unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 514,151	\$ 1,009,461
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease (increase) in premiums receivable	(387,123 )	(62,018 )
Decrease (increase) in funds held by reinsureds, net	(219,321 )	(56,722 )
Decrease (increase) in reinsurance receivables	(150,753 )	67,444
Decrease (increase) in income taxes	239,883	237,479
Decrease (increase) in prepaid reinsurance premiums	55,334	(95,207 )
Increase (decrease) in reserve for losses and loss adjustment expenses	2,627,813	402,380
Increase (decrease) in future policy benefit reserve	(4,869 )	(4,186 )
Increase (decrease) in unearned premiums	404,049	521,709
Increase (decrease) in other net payable to reinsurers	(24,163 )	66,477
Increase (decrease) in losses in course of payment	74,759	(33,557 )
Change in equity adjustments in limited partnerships	(103,772 )	(108,332 )
Distribution of limited partnership income	122,326	81,300
Change in other assets and liabilities, net	(95,968 )	(54,176 )
Non-cash compensation expense	39,209	34,018
Amortization of bond premium (accrual of bond discount)	49,673	30,936

Net realized capital (gains) losses	(267,649 )	(185,004 )
Net cash provided by (used in) operating activities	2,873,579	1,852,002
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from fixed maturities matured/called - available for sale, at market value	2,586,405	2,302,299
Proceeds from fixed maturities sold - available for sale, at market value	1,945,867	3,280,237
Proceeds from fixed maturities sold - available for sale, at fair value	4,907	2,917
Proceeds from equity securities sold, at fair value	376,347	283,965
Distributions from other invested assets	309,912	284,558
Cost of fixed maturities acquired - available for sale, at market value	(7,189,301 )	(6,613,917 )
Cost of fixed maturities acquired - available for sale, at fair value	-	(4,243 )
Cost of equity securities acquired, at fair value	(637,082 )	(329,417 )
Cost of other invested assets acquired	(557,473 )	(425,438 )
Net change in short-term investments	(717,527 )	(167,290 )
Net change in unsettled securities transactions	194,574	(26,163 )
Net cash provided by (used in) investing activities	(3,683,371 )	(1,412,492 )
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common shares issued during the period for share-based compensation, net of expense	(13,566 )	(3,134 )
Purchase of treasury shares	(200,020 )	(24,604 )
Dividends paid to shareholders	(249,056 )	(234,322 )
Proceeds from issuance of senior notes	979,417	-
Cost of debt repurchase	(10,647 )	-
FHLB advances (repayments)	310,000	-
Cost of shares withheld on settlements of share-based compensation awards	(15,908 )	(13,627 )
Net cash provided by (used in) financing activities	800,220	(275,687 )
EFFECT OF EXCHANGE RATE CHANGES ON CASH	3,187	(11,882 )
Net increase (decrease) in cash	(6,385 )	151,941

Cash, beginning of period	808,036	656,095
Cash, end of period	\$ 801,651	\$ 808,036
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes paid (recovered)	\$ (169,748 )	\$ (148,585 )
Interest paid	33,570	31,689

View source version on [businesswire.com](https://www.businesswire.com/news/home/20210208005816/en/): <https://www.businesswire.com/news/home/20210208005816/en/>

Media: Dane Lopes  
Chief Communications Officer  
Everest Global Services, Inc.  
203.388.3977

Investors: Jon Levenson  
Head of Investor Relations  
Everest Global Services, Inc.  
908.604.3169

Source: Everest Re Group, Ltd.