

# Everest Re Group, Ltd.

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**INVESTOR PRESENTATION: SECOND QUARTER 2016**

# 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.

**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.

# The Everest Franchise—*Well Positioned for Success*

A BUSINESS MODEL THAT IS NOT EASILY REPLICATED

▶ Top Tier Reinsurer

**\$5.9B**

2015 Gross Written Premiums

▶ Significant Scale

**\$11.1B**

Everest + Mt. Logan + Cat Bonds

▶ Global Reach

**15** Reinsurance Offices,\*  
11 outside the US

**16** Insurance Offices,\*  
3 outside the US

\*Including Lloyds Syndicate 2786

▶ Long-term Market Presence

**40+**

Years of Market Experience

▶ Extreme Financial Flexibility

**7.3%**

Debt-to-Capital Ratio

▶ Strong Ratings

A.M. Best: **A+**

S&P: **A+**

Moody's: **A1**

▶ Long-term Value Creation

**12.5%**

Compound Annual Growth in Book Value per Share, Adjusted for Dividends, since 1995

▶ Efficient Operating Structure

**7 Point**

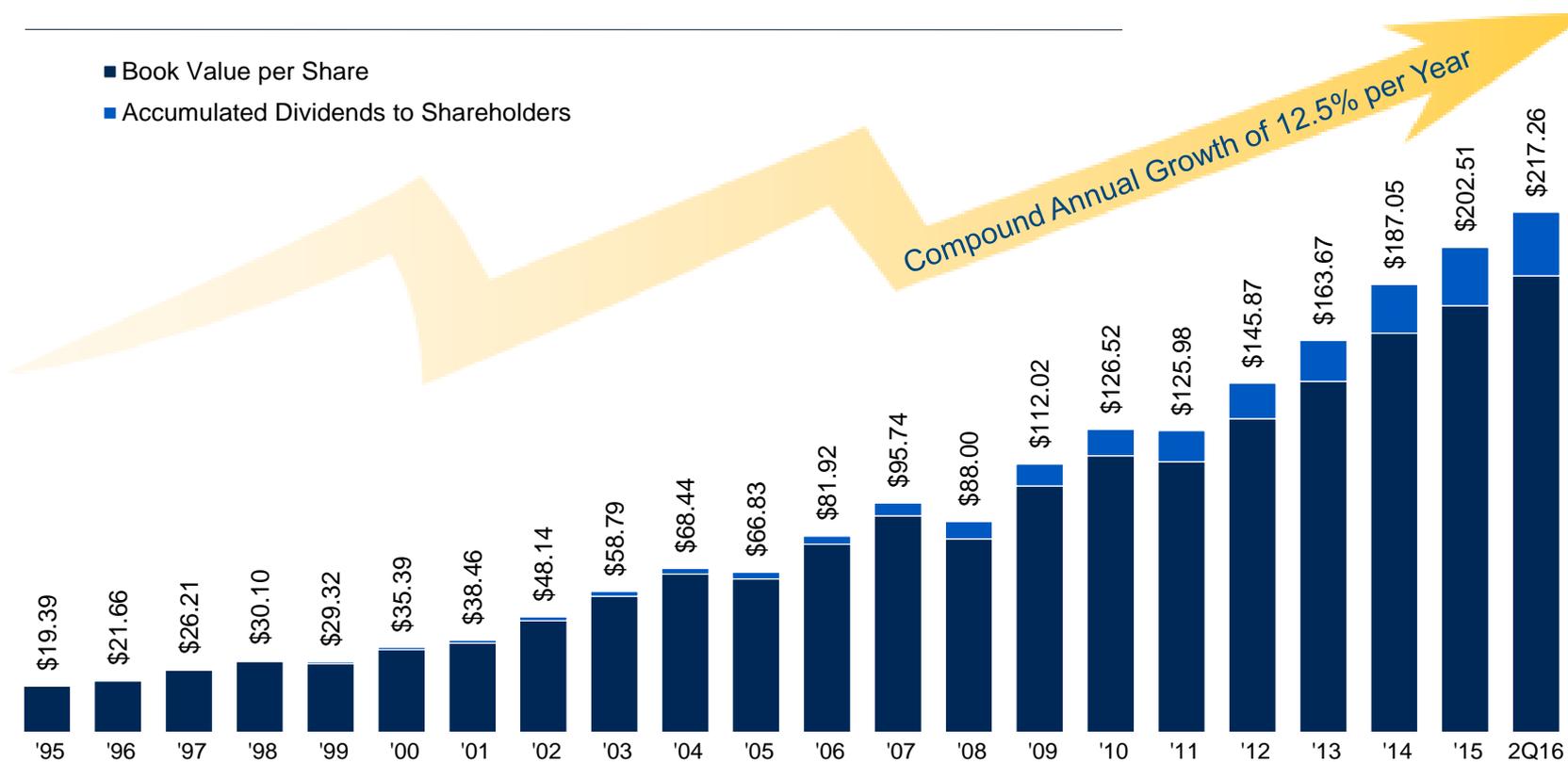
Expense Advantage Relative to Our Peers



# Generating Shareholder Value

## TOTAL SHAREHOLDER RETURN

Total Value Creation, defined as growth in book value per share + dividends, has averaged 12% annually over the last 10 years

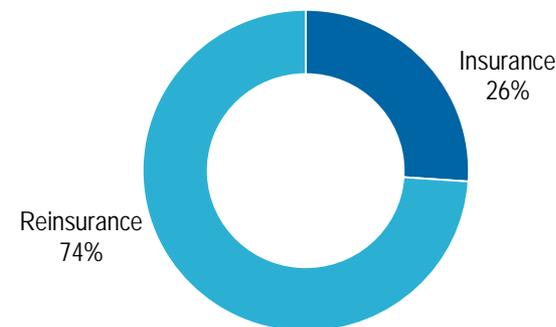


# The Everest Advantage

WELL POSITIONED TO CONTINUE TO BUILD VALUE

- Strong Brand Recognition
- Top ratings (A.M. Best A+; S&P A+; Moody's A1)
- Experienced Management Team and Board of Directors
- Winning Culture – disciplined, focused on profitable growth, accountable – results oriented, flat and nimble in decision making
- Efficient Operating Structure – 5.7% group expense ratio and 3.1% expense ratio for reinsurance operations only
- High-quality, liquid investment portfolio with \$17.5 Billion of assets with an average rating of Aa3
- Strong Balance Sheet - \$8.0 Billion in GAAP equity
- Diversified Book of Business – Reinsurance/Insurance; Property/Casualty; U.S./Non U.S.

## 2015 Gross Written Premium



Experienced  
Team

Strong Cycle  
Management

Diversified  
Business Platform

Disciplined  
Growth

# Financial Highlights

\$ IN MILLIONS

(\$ in millions)	YTD	For the year ended December 31,				
	2016	2015	2014	2013	2012	2011
<b>Income Statement Data:</b>						
Gross Premiums Written	\$ 2,716.5	\$ 5,891.7	\$ 5,762.9	\$ 5,220.4	\$ 4,310.5	\$ 4,286.2
Net Premiums Earned	2,507.7	5,292.8	5,043.7	4,736.3	4,164.6	4,101.3
Net Investment Income	235.3	473.8	530.6	548.5	600.2	620.0
Operating Income (Loss)	356.9	1,108.1	1,143.7	1,062.6	715.2	(93.6)
Net Income (Loss)	327.4	977.9	1,199.2	1,259.4	829.0	(80.5)
<b>Balance Sheet Data:</b>						
Cash and Investments	17,459.1	16,676.4	16,880.8	16,462.9	16,576.2	15,797.4
Shareholders' Equity	7,985.5	7,608.6	7,451.1	6,968.3	6,733.5	6,071.4
Book Value per Common Share	190.66	178.21	166.75	146.57	130.96	112.99
<b>Financial Ratios:</b>						
Combined Ratio	90.7%	85.1%	83.9%	84.6%	93.8%	118.5%
After-Tax Operating ROE	9.4%	15.0%	16.3%	16.5%	12.2%	-1.6%
Net Income ROE	8.6%	13.2%	17.1%	19.5%	14.1%	-1.4%

# Long Term Performance

DEMONSTRATES STRONG CYCLE MANAGEMENT

Key Profitability Measures <i>(Compound Annual Growth Rate)</i>	5 Year 2011-2015	10 Year 2006-2015	ITD 1996-2015
Combined Ratio*	92.2%	92.8%	96.6%
Pretax Operating ROR	16.9%	18.0%	15.0%
Operating ROE	11.7%	12.5%	11.7%
Shareholder Value	10.6%	12.0%	12.5%

\* Weighted average

## 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
- Financial market volatility
- Low interest rate environment

# Multiple Distribution Channels

ABILITY TO RESPOND TO GLOBAL OPPORTUNITIES



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

## REINSURANCE LOCATIONS:

- |                      |           |               |
|----------------------|-----------|---------------|
| United States        | ▪ Bermuda | ▪ Ireland     |
| ▪ Chicago, IL        | ▪ Belgium | ▪ London      |
| ▪ Liberty Corner, NJ | ▪ Brazil  | ▪ Singapore   |
| ▪ Miami, FL          | ▪ Canada  | ▪ Switzerland |
| ▪ New York, NY       |           |               |
| ▪ Oakland, CA        |           |               |

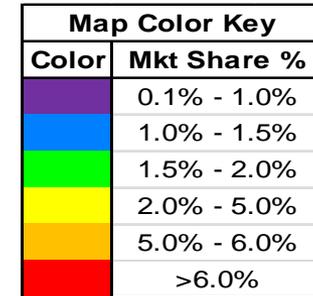
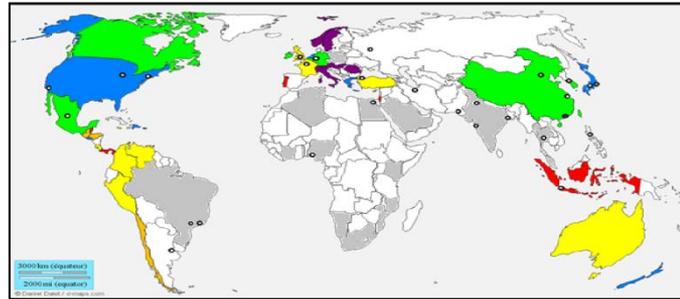
## INSURANCE LOCATIONS:

- |                     |                      |                    |
|---------------------|----------------------|--------------------|
| United States       | ▪ Liberty Corner, NJ | Canada             |
| ▪ Amarillo, TX      | ▪ New York, NY       | ▪ British Columbia |
| ▪ Avon, CT          | ▪ Oakland, CA        | ▪ Toronto          |
| ▪ Atlanta, GA       | ▪ Orange, CA         |                    |
| ▪ Chicago, IL       | ▪ Tampa, FL          | Lloyds             |
| ▪ Coeur d'Alene, ID | ▪ Topeka, KS         |                    |
| ▪ Indianapolis, IN  |                      |                    |
| ▪ Lexington, KY     |                      |                    |

# Everest Re – A Premier Global Brand

FOR OVER 40 YEARS, ONE OF THE TOP GLOBAL REINSURERS ACROSS THE GLOBE

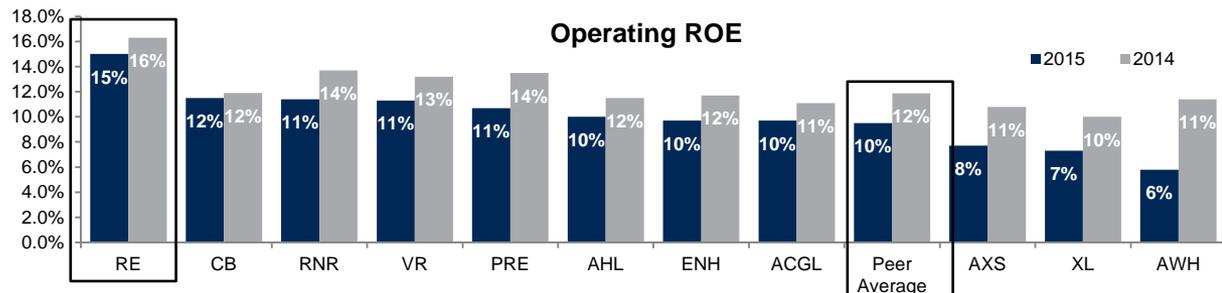
Global platform provides geographic reach across virtually all property and casualty lines of business



Enduring franchise with diversified portfolio of \$5.9B in premiums

1989 Prem % of RAA				2014 Prem % of RAA			
Rank	Reinsurer	(\$M)	Industry	Rank	Reinsurer	(\$M)	Industry
1	General Re Group	\$1,797	17%	1	National Indemnity Co	\$26,447	40%
2	Employers Re. Corp.	\$1,114	10%	2	QBE Re America	\$5,289	8%
3	American Re	\$871	8%	3	Everest Re	\$4,995	7%
4	Swiss Re America	\$630	6%	4	Swiss Re America	\$4,492	7%
5	Munich Re Group	\$571	5%	5	Munich Re America	\$4,162	6%
6	Prudential Re (Everest)	\$503	5%	6	XL Re America	\$3,604	5%

Market leading returns



In today's highly competitive reinsurance environment, Everest Re's top tier industry size, client and broker historical relationships, existing profitable participation on client programs and access to new business

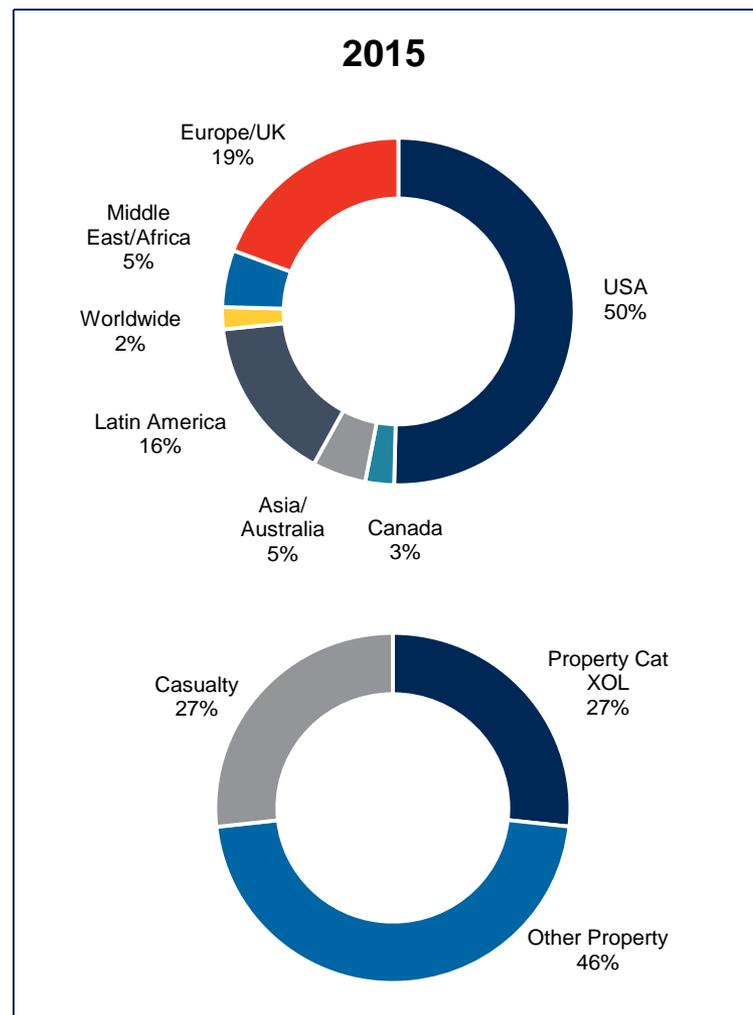
**-- simply can not be replicated**

# Leading Global Reinsurer

Everest Reinsurance Ops *	2015
Gross Written Premium	\$4,359.4
Combined Ratio	78.5%
Attritional Combined Ratio	81.8%

\* Net of cessions to Mt. Logan

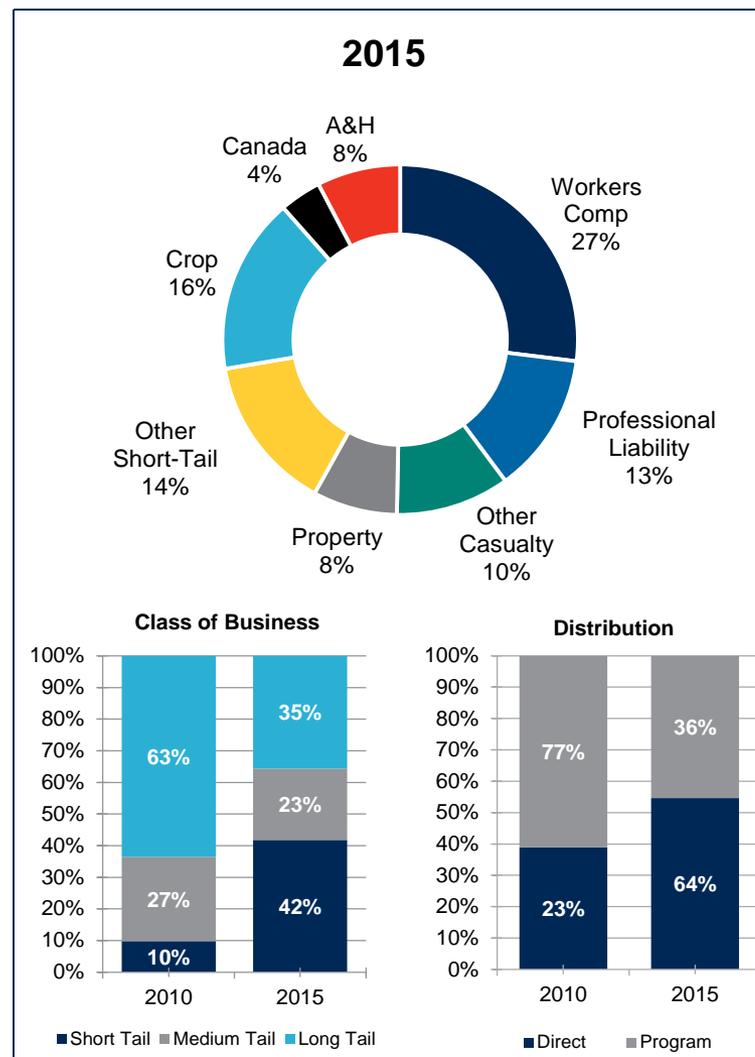
- Rank among the top 10 reinsurers worldwide
- Global footprint with a 40-year history
- Broad product capabilities
- Dynamic strategy in response to market conditions
- Innovators of creative risk solutions
- “Best in Class” data-driven management systems
- Competitive expense advantage
- Portfolio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



# Building a Premier Global Specialty Insurance Operation

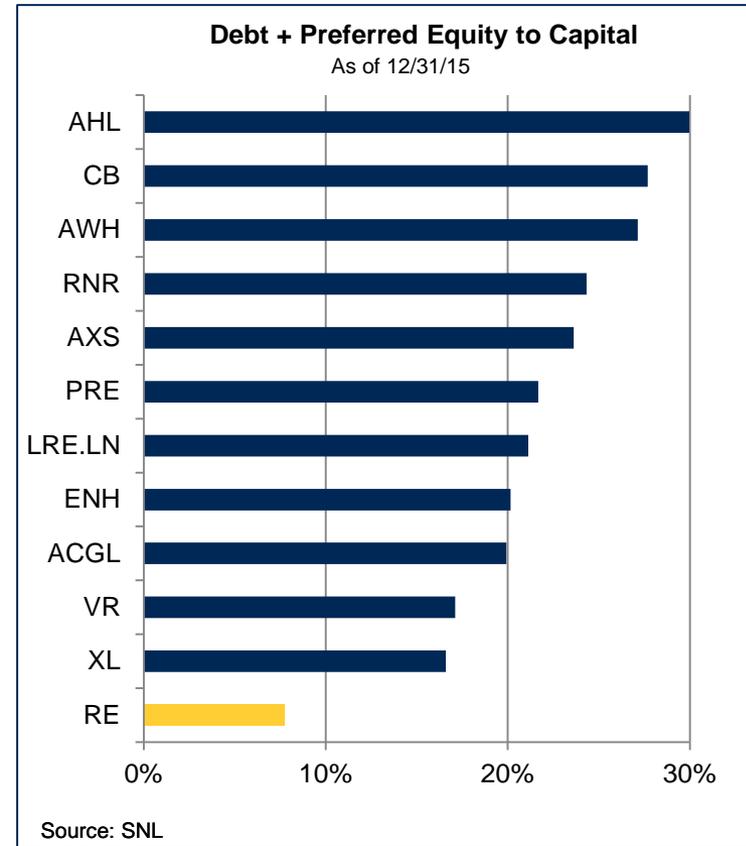
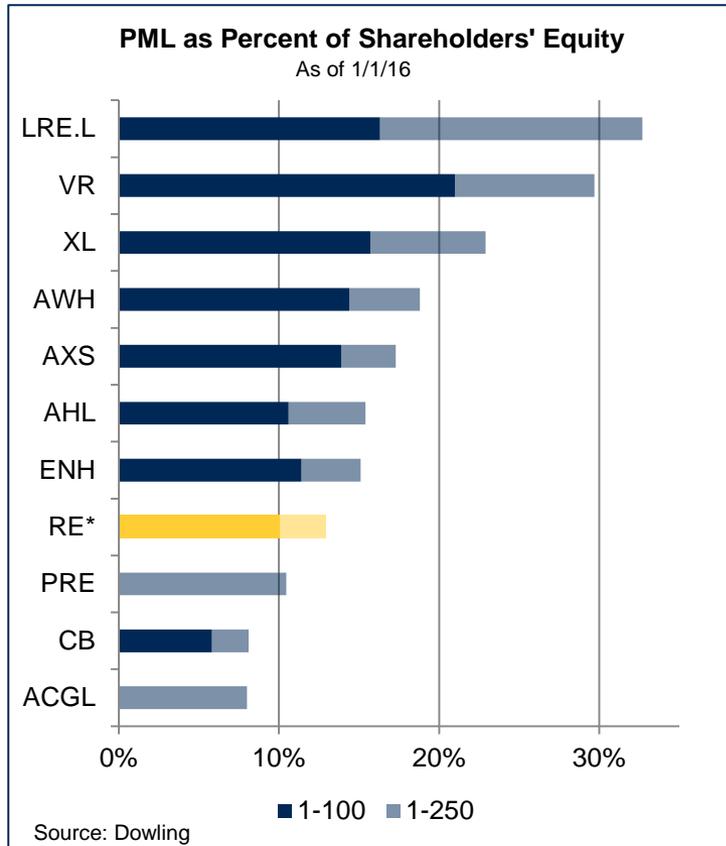
Everest Insurance Ops	2015
Gross Written Premium	\$1,532.3
Combined Ratio	106.3%
Attritional Combined Ratio	94.3%

- 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



# Strong Risk Management Culture

WITH CONSIDERABLE FINANCIAL FLEXIBILITY AND CONSERVATIVE PROPERTY CATASTROPHE EXPOSURE



*\*Everest PMLs have been adjusted to reflect \$325m of Florida Wind ILW purchases effective 5/1 – 7/1.*

**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	2014	2015
<p><b>MT LOGAN</b></p> <p>Covered Perils: diversified cat exposures across different geographical regions globally</p> <p>\$910M AUM at 7/1/16</p>	<p><b>KILIMANJARO RE LTD. (SERIES 2014-1)</b></p> <p>Covered Perils: U.S. named storms, U.S. earthquakes</p> <p>\$450M</p>	<p><b>KILIMANJARO RE LTD. (SERIES 2014-2)</b></p> <p>Covered Perils: U.S and Canada earthquake</p> <p>\$500M</p>	<p><b>KILIMANJARO RE LTD. (SERIES 2015-1)</b></p> <p>Covered Perils: U.S., Canada, Puerto Rico, D.C. names storm and earthquake</p> <p>\$625M</p>

### EVEREST'S CAPITAL MARKETS PLATFORM

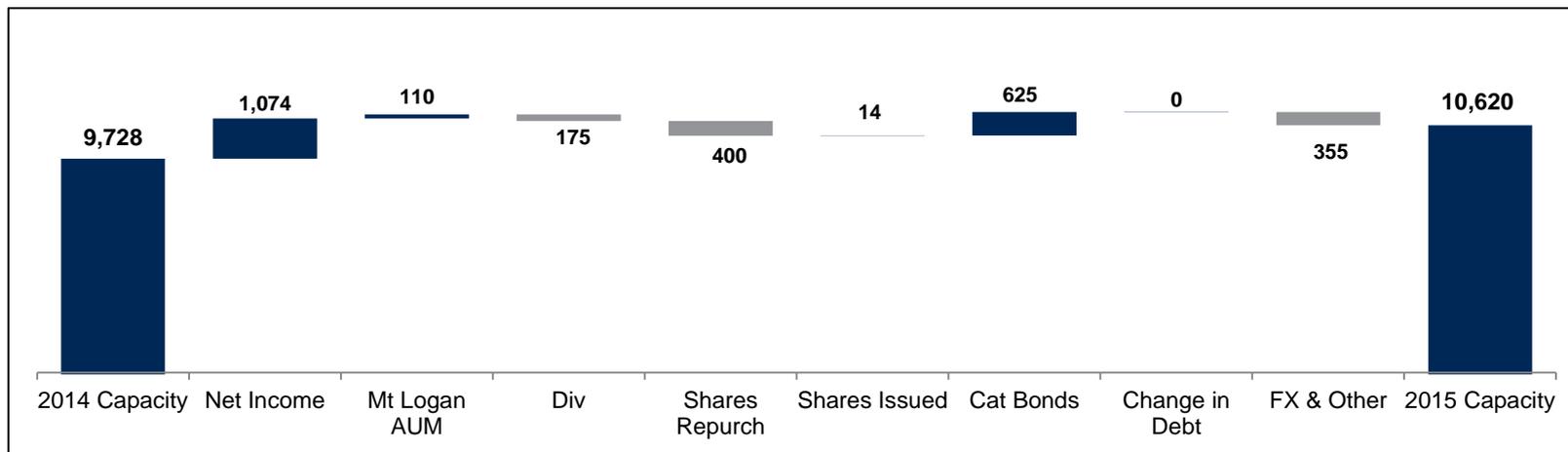
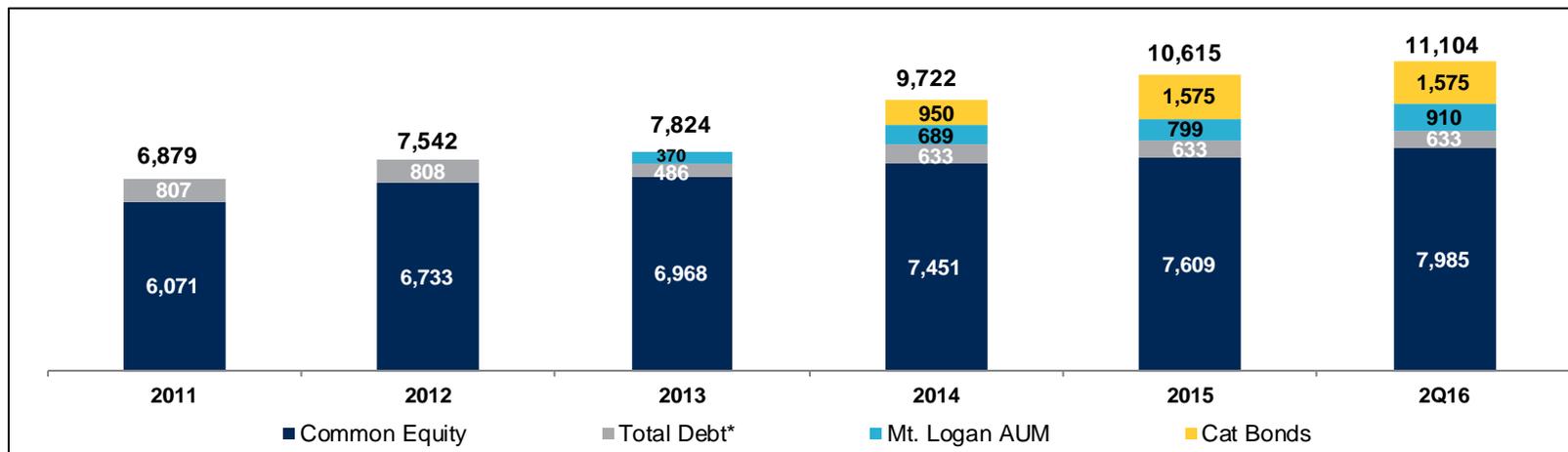
- Assumes reinsurance from Everest
- Generates fee income on business that is too large for Everest's balance sheet

### KILIMANJARO CATASTROPHE BONDS SPONSORED BY EVEREST HAS PROVIDED \$1.6B 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 were significantly upsized from initial offering due to high investor demand

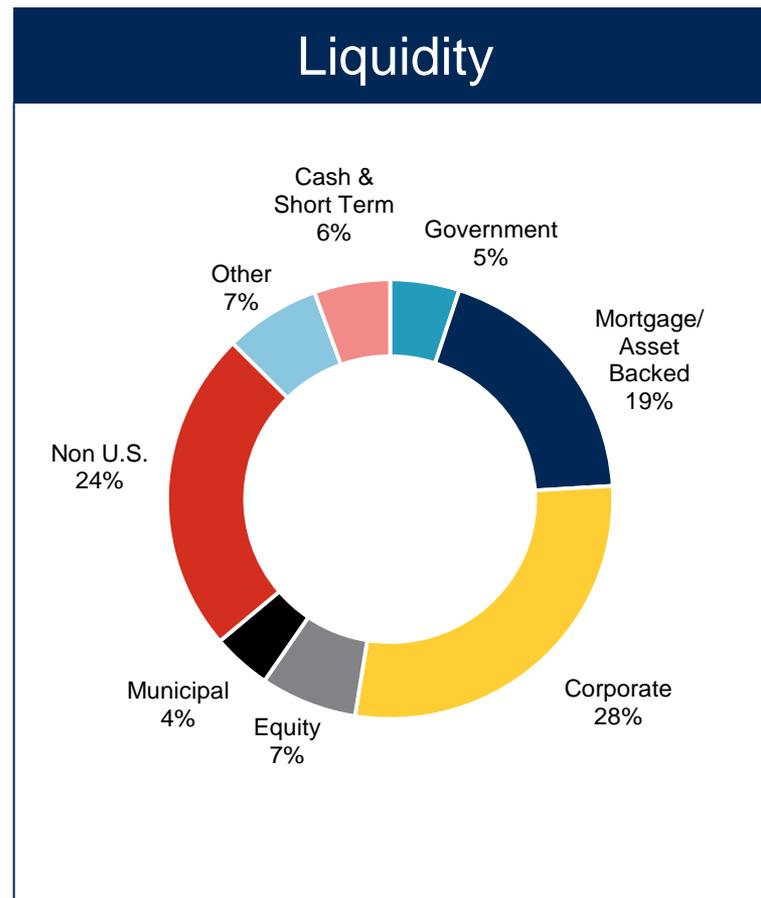
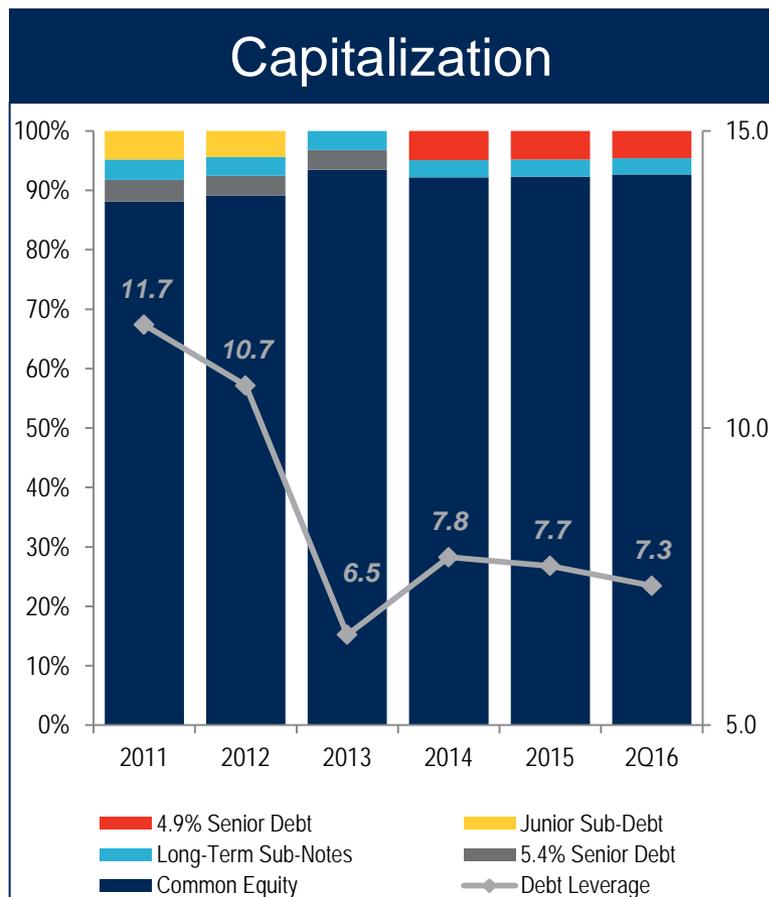
# Operating With Significant Scale

HAVING \$11 BILLION OF CAPACITY



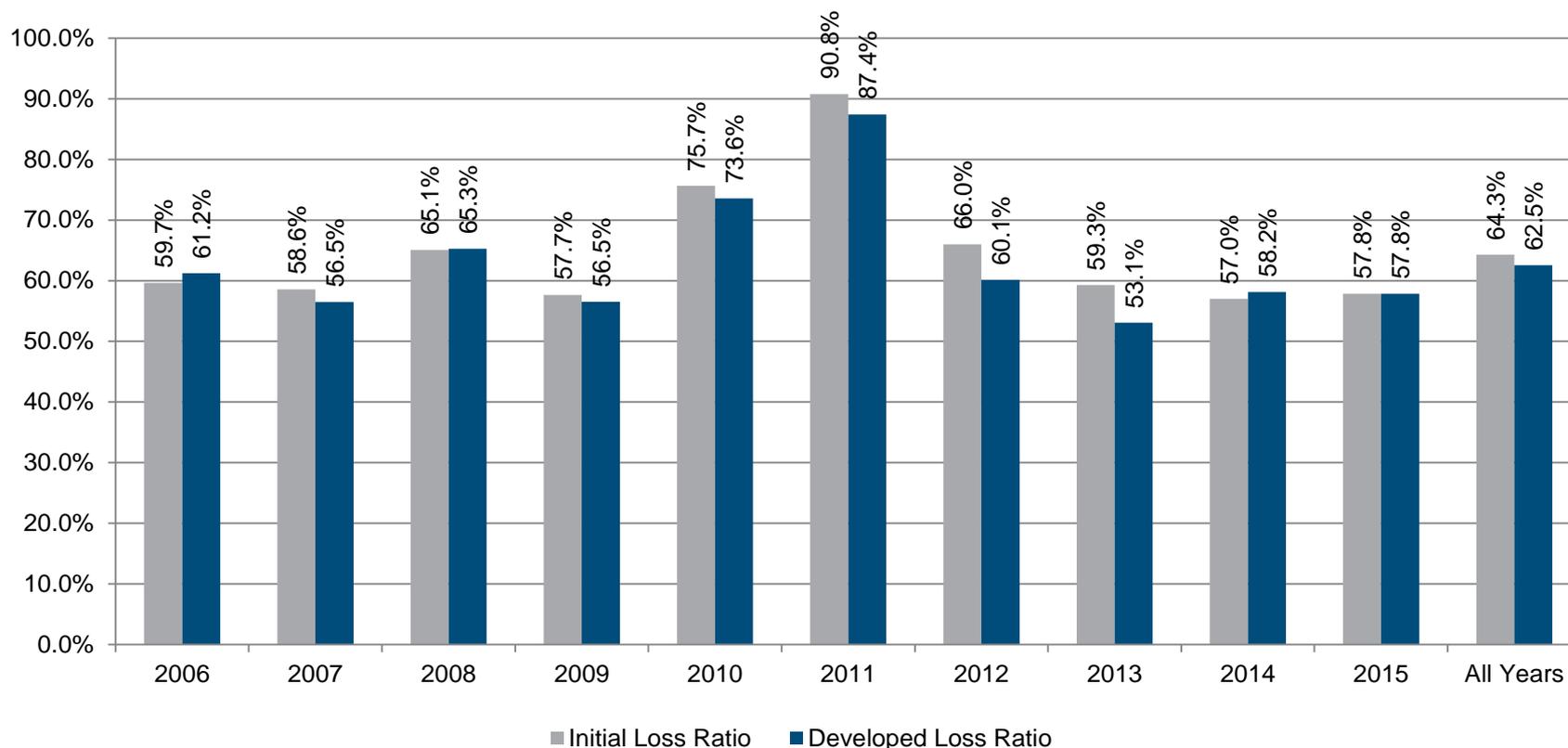
# Conservative Leverage and Liquidity

FIGURES AS OF 6/30/16 - INVESTABLE ASSETS OF \$17.5 BILLION



# Accident Year Loss Development

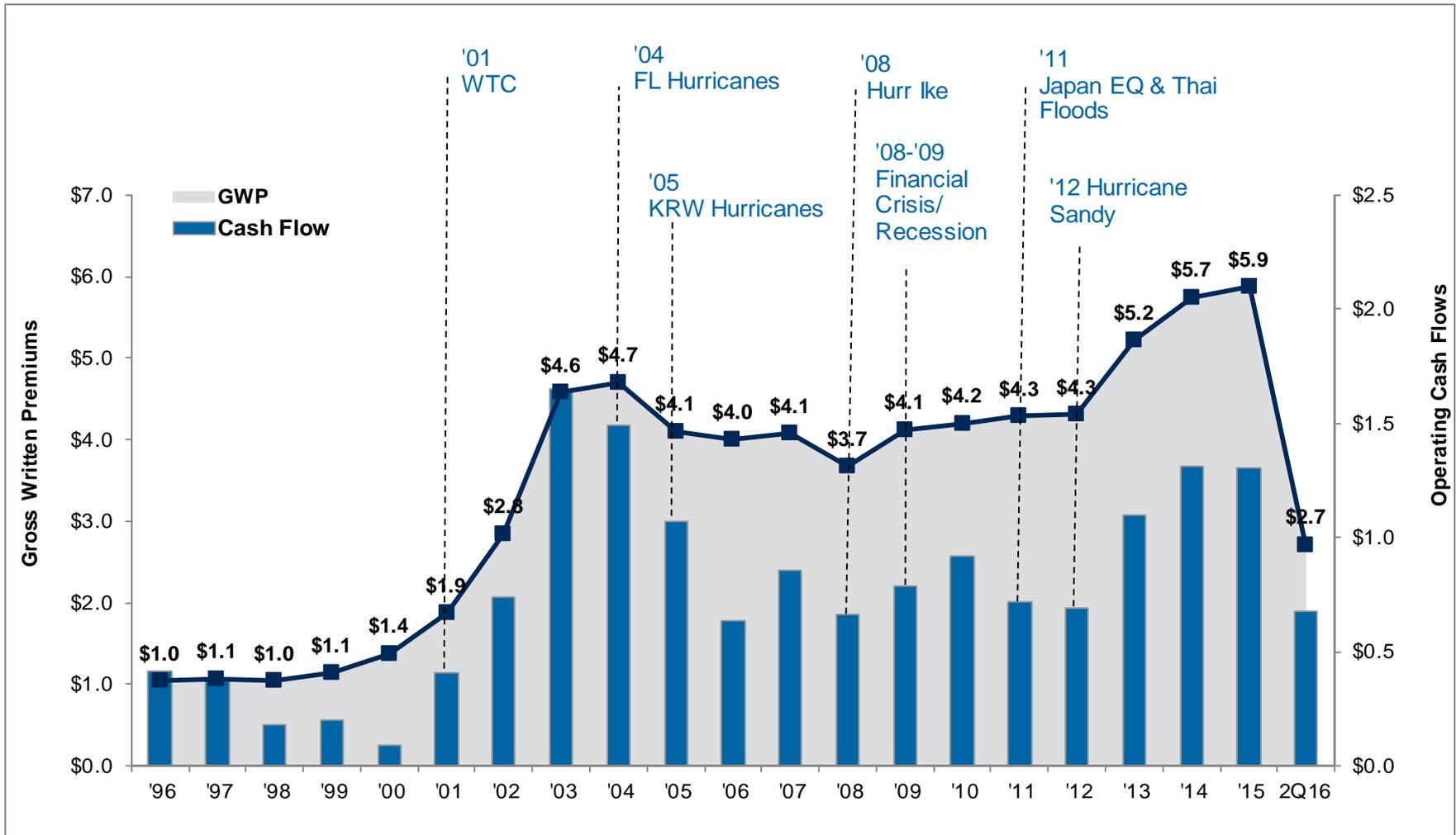
10 YEAR LOSS RESERVING EXPERIENCE – INITIAL TO ULTIMATE



**On average, the total loss ratio (including cats) has developed 1.8 points better than initial selection over the last 10 years**

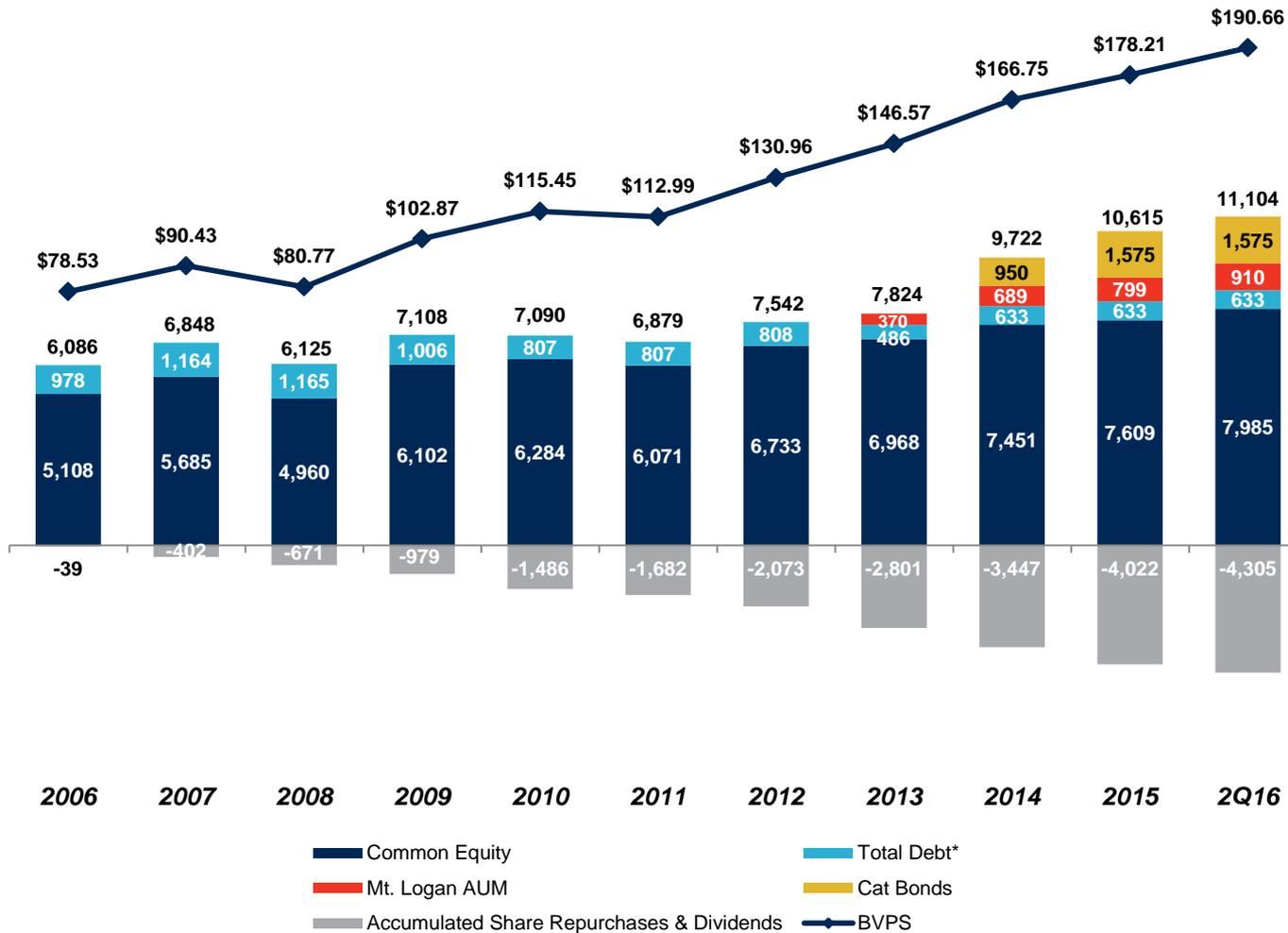
# Strong and Consistent Operating Cash Flows

ADD TO STRONG LIQUIDITY PROFILE



# Active Capital Management Improves Shareholder Value

BOOK VALUE PER SHARE INCREASES 2.4x SINCE 2006

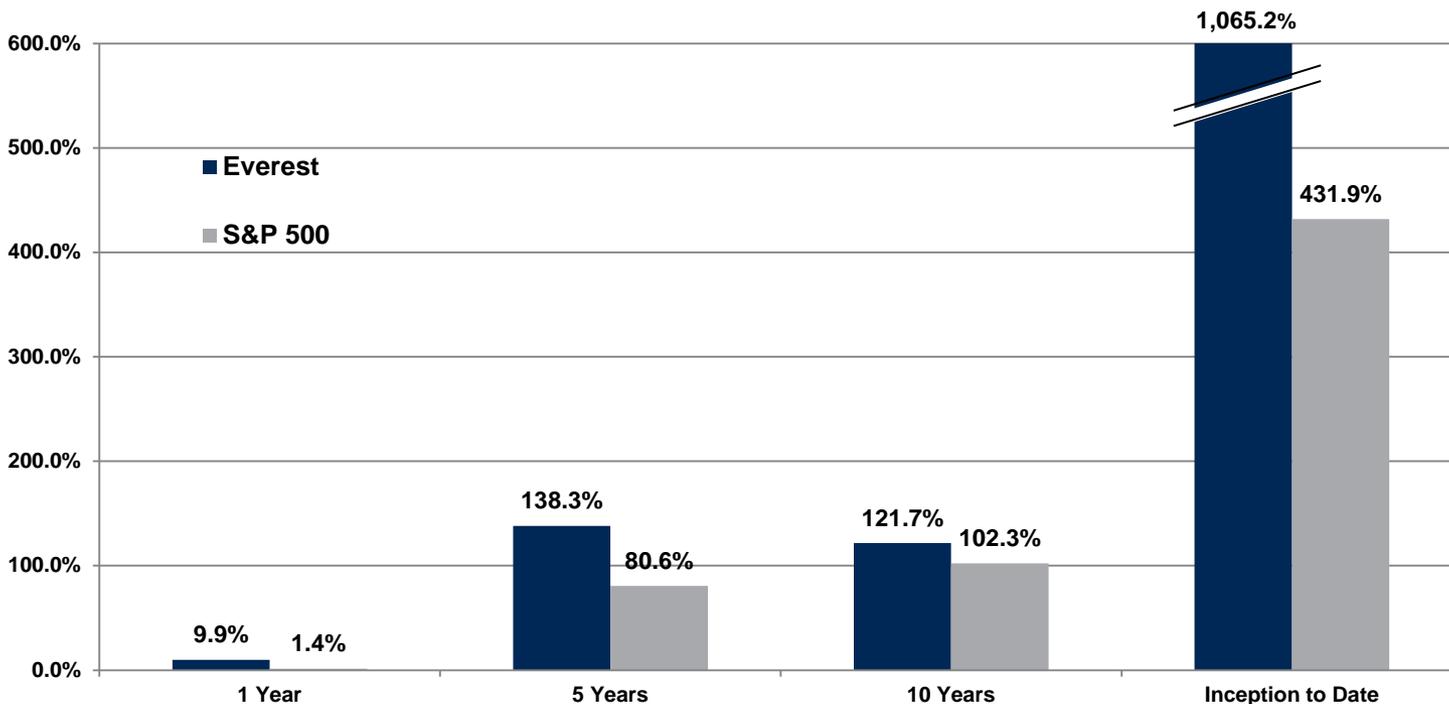


## Capital Management:

- Everest historically addresses excess capital through share buybacks
- Since 2006, Everest has repurchased 41% of its outstanding shares, returning \$3.1 billion of capital to shareholders
- 3.1m shares remain available under the share repurchase agreement at June 30, 2016
- Dividends to shareholders have more than doubled since 3Q2013

# Significant Total Return to Shareholders

RE SHARES OUTPERFORM S&P 500



Everest Re total return* <u>OVER</u> S&P 500:			
2014-2015	2010 - 2015	2005 - 2015	ITD
<b>9 points</b>	<b>58 points</b>	<b>19 points</b>	<b>633 points</b>

\*Total Return Includes Price Appreciation and Dividends

Source: Bloomberg

# Conclusion

- Strong franchise that has successfully weathered numerous market cycles
- Seasoned management team focused on building long term value for our shareholders
- Disciplined underwriting culture – profitability before growth – supported by a strong risk management framework
- Conservative, high-quality balance sheet with superior capitalization as acknowledged by each of the rating agencies
- Astute managers of capital
- Compelling upside potential with stock trading close to book value and company's track record of providing double-digit return to its shareholders

## EVEREST RE GROUP, LTD.

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