Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

X **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2023

____ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission file number 1-15731

EVEREST GROUP, LTD.
(Exact name of registrant as specified in its charter)

Bermuda	**98-0365432**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Seon Place – 4th Floor 141 Front Street PO Box HM 845 Hamilton Bermuda	**HM 19**
(Address of principal executive offices)	(Zip Code)

441-295-0006
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Class	Trading Symbol	Name of Exchange where Registered
Common Shares, $0.01 par value	**EG**	**New York Stock Exchange**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes X No ____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	X	Accelerated filer	
Non-accelerated filer		Smaller reporting company	
		Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ____ NO X

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Number of Shares Outstanding At October 25, 2023
Common Shares, $0.01 par value	**43,390,424**

EVEREST GROUP, LTD.

Table of Contents
Form 10-Q

Table of Contents

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

EVEREST GROUP, LTD.
CONSOLIDATED BALANCE SHEETS

(Dollar and share amounts in millions, except par value per share)	September 30, 2023 (unaudited)	December 31, 2022
ASSETS:		
Fixed maturities - available for sale, at fair value	$ 25,159	$ 22,236
(amortized cost: 2023, $27,305; 2022, $24,191, credit allowances: 2023, $(60); 2022, $(54))		
Fixed maturities - held to maturity, at amortized cost		
(fair value: 2023, $766; 2022, $821, net of credit allowances: 2023, $(8); 2022, $(9))	789	839
Equity securities, at fair value	166	281
Other invested assets	4,353	4,085
Short-term investments	2,403	1,032
Cash	1,765	1,398
Total investments and cash	34,635	29,872
Accrued investment income	298	217
Premiums receivable (net of credit allowances: 2023, $(36); 2022, $(29))	4,426	3,619
Reinsurance paid loss recoverables (net of credit allowances: 2023, $(25); 2022, $(23))	226	136
Reinsurance unpaid loss recoverables	2,196	2,105
Funds held by reinsureds	1,097	1,056
Deferred acquisition costs	1,156	962
Prepaid reinsurance premiums	756	610
Income tax asset, net	500	459
Other assets (net of credit allowances: 2023, $(8); 2022, $(5))	1,029	930
TOTAL ASSETS	$ 46,318	$ 39,966
LIABILITIES:		
Reserve for losses and loss adjustment expenses	$ 23,833	$ 22,065
Future policy benefit reserve	27	29
Unearned premium reserve	6,295	5,147
Funds held under reinsurance treaties	28	13
Amounts due to reinsurers	795	567
Losses in course of payment	330	74
Senior notes	2,348	2,347
Long-term notes	218	218
Borrowings from FHLB	519	519
Accrued interest on debt and borrowings	41	19
Unsettled securities payable	200	1
Other liabilities	459	526
Total liabilities	35,092	31,526
Commitments and contingencies (Note 11)		
SHAREHOLDERS' EQUITY:		
Preferred shares, par value: $0.01; 50.0 shares authorized; no shares issued and outstanding	—	—
Common shares, par value: $0.01; 200.0 shares authorized; (2023) 74.2 and (2022) 69.9		
outstanding before treasury shares	1	1
Additional paid-in capital	3,762	2,302
Accumulated other comprehensive income (loss), net of deferred income tax expense (benefit)		
of $(272) at 2023 and $(250) at 2022	(2,171)	(1,996)
Treasury shares, at cost; 30.8 shares (2023) and 30.8 shares (2022)	(3,908)	(3,908)
Retained earnings	13,542	12,042
Total shareholders' equity	11,226	8,441
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 46,318	$ 39,966

The accompanying notes are an integral part of the consolidated financial statements.

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

(Dollars in millions, except per share amounts)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
	(unaudited)		(unaudited)	
REVENUES:				
Premiums earned	$ 3,513	$ 3,067	$ 9,865	$ 8,775
Net investment income	406	151	1,023	620
Total net gains (losses) on investments	(31)	(129)	(21)	(519)
Other income (expense)	103	(16)	61	(71)
Total revenues	3,991	3,073	10,927	8,805
CLAIMS AND EXPENSES:				
Incurred losses and loss adjustment expenses	2,246	2,623	6,173	6,289
Commission, brokerage, taxes and fees	752	641	2,099	1,877
Other underwriting expenses	215	169	620	500
Corporate expenses	19	16	55	45
Interest, fees and bond issue cost amortization expense	34	25	99	74
Total claims and expenses	3,266	3,474	9,045	8,785
INCOME (LOSS) BEFORE TAXES	725	(401)	1,883	20
Income tax expense (benefit)	47	(82)	169	(81)
NET INCOME (LOSS)	$ 678	$ (319)	$ 1,713	$ 101
Other comprehensive income (loss), net of tax:				
Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period	(257)	(712)	(180)	(2,260)
Reclassification adjustment for realized losses (gains) included in net income (loss)	15	41	21	61
Total URA(D) on securities arising during the period	(242)	(671)	(159)	(2,199)
Foreign currency translation adjustments	(47)	(101)	(17)	(163)
Reclassification adjustment for amortization of net (gain) loss included in net income (loss)	—	1	1	2
Total benefit plan net gain (loss) for the period	—	1	1	2
Total other comprehensive income (loss), net of tax	(288)	(771)	(175)	(2,360)
COMPREHENSIVE INCOME (LOSS)	$ 390	$ (1,090)	$ 1,538	$ (2,259)
EARNINGS PER COMMON SHARE:				
Basic	$ 15.63	$ (8.22)	$ 41.49	$ 2.57
Diluted	15.63	(8.22)	41.49	2.57

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents

EVEREST GROUP, LTD.
CONSOLIDATED STATEMENTS OF
CHANGES IN SHAREHOLDERS' EQUITY

(Dollars and share amounts in millions, except dividends per share amounts)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
	(unaudited)		(unaudited)	
COMMON SHARES (shares outstanding):				
Balance beginning of period	43.4	39.4	39.2	39.3
Issued (redeemed) during the period, net	—	—	4.2	0.2
Treasury shares acquired	—	(0.2)	—	(0.2)
Balance end of period	43.4	39.2	43.4	39.2
COMMON SHARES (par value):				
Balance beginning of period	$ 1	$ 1	$ 1	$ 1
Issued during the period, net	—	—	—	—
Balance end of period	1	1	1	1
ADDITIONAL PAID-IN CAPITAL:				
Balance beginning of period	3,753	2,284	2,302	2,274
Public offering of shares	—	—	1,445	—
Share-based compensation plans	9	9	15	19
Balance end of period	3,762	2,293	3,762	2,293
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS), NET OF DEFERRED INCOME TAXES:				
Balance beginning of period	(1,883)	(1,577)	(1,996)	12
Net increase (decrease) during the period	(288)	(771)	(175)	(2,360)
Balance end of period	(2,171)	(2,348)	(2,171)	(2,348)
RETAINED EARNINGS:				
Balance beginning of period	12,940	11,994	12,042	11,700
Net income (loss)	678	(319)	1,713	101
Dividends declared ($1.75 per share in 3Q 2023 and $5.05 per share YTD in 2023; $1.65 per share in 3Q 2022 and $4.85 per share YTD in 2022)	(76)	(65)	(212)	(191)
Balance, end of period	13,542	11,610	13,542	11,610
TREASURY SHARES AT COST:				
Balance beginning of period	(3,908)	(3,849)	(3,908)	(3,847)
Purchase of treasury shares	—	(58)	—	(60)
Balance end of period	(3,908)	(3,907)	(3,908)	(3,907)
TOTAL SHAREHOLDERS' EQUITY, END OF PERIOD	$ 11,226	$ 7,649	$ 11,226	$ 7,649

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents

EVEREST GROUP, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	Nine Months Ended September 30, 2023	2022
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 1,713	$ 101
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease (increase) in premiums receivable	(812)	(405)
Decrease (increase) in funds held by reinsureds, net	(26)	(35)
Decrease (increase) in reinsurance recoverables	(186)	(662)
Decrease (increase) in income taxes	(18)	(249)
Decrease (increase) in prepaid reinsurance premiums	(153)	(194)
Increase (decrease) in reserve for losses and loss adjustment expenses	1,768	3,117
Increase (decrease) in future policy benefit reserve	(2)	(2)
Increase (decrease) in unearned premiums	1,157	435
Increase (decrease) in amounts due to reinsurers	233	242
Increase (decrease) in losses in course of payment	258	(150)
Change in equity adjustments in limited partnerships	(124)	(126)
Distribution of limited partnership income	81	139
Change in other assets and liabilities, net	(375)	(134)
Non-cash compensation expense	37	35
Amortization of bond premium (accrual of bond discount)	(35)	49
Net (gains) losses on investments	21	519
Net cash provided by (used in) operating activities	3,536	2,680
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from fixed maturities matured/called/repaid - available for sale	1,686	2,171
Proceeds from fixed maturities sold - available for sale	468	1,177
Proceeds from fixed maturities matured/called/repaid - held to maturity	81	18
Proceeds from equity securities sold	126	1,030
Distributions from other invested assets	189	244
Cost of fixed maturities acquired - available for sale	(5,311)	(5,958)
Cost of fixed maturities acquired - held to maturity	(23)	(133)
Cost of equity securities acquired	(3)	(960)
Cost of other invested assets acquired	(422)	(455)
Net change in short-term investments	(1,338)	568
Net change in unsettled securities transactions	202	102
Net cash provided by (used in) investing activities	(4,346)	(2,196)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common shares issued (redeemed) during the period for share-based compensation, net of expense	(22)	(16)
Proceeds from public offering of common shares	1,445	—
Purchase of treasury shares	—	(60)
Dividends paid to shareholders	(212)	(191)
Cost of debt repurchase	—	(6)
Cost of shares withheld on settlements of share-based compensation awards	(22)	(19)
Net cash provided by (used in) financing activities	1,188	(292)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(12)	46
Net increase (decrease) in cash	367	238
Cash, beginning of period	1,398	1,441
Cash, end of period	$ 1,765	$ 1,679
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes paid (recovered)	$ 185	$ 167
Interest paid	75	51
NON-CASH TRANSACTIONS:		
Reclassification of specific investments from fixed maturity securities, available for sale at fair value to fixed maturity securities, held to maturity at amortized cost net of credit allowances	$ —	$ 722

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Three and Nine Months Ended September 30, 2023 and 2022

1. GENERAL

Everest Group, Ltd. ("Group"), a Bermuda company, through its subsidiaries, principally provides reinsurance and insurance in the U.S., Bermuda and other international markets. As used in this document, "Company" means Group and its subsidiaries.

Effective July 10, 2023, the Company changed Group's name to Everest Group, Ltd. from Everest Re Group, Ltd. to reflect the evolution, global growth and diversification strategy of the Company.

2. BASIS OF PRESENTATION

The unaudited consolidated financial statements of the Company as of September 30, 2023 and December 31, 2022 and for the three and nine months ended September 30, 2023 and 2022 include all adjustments, consisting of normal recurring accruals, which, in the opinion of management, are necessary for a fair statement of the results on an interim basis. Certain financial information, which is normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), has been omitted since it is not required for interim reporting purposes. The December 31, 2022 consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by GAAP. The results for the three and nine months ended September 30, 2023 and 2022 are not necessarily indicative of the results for a full year. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended December 31, 2022, 2021 and 2020, included in the Company's most recent Form 10-K filing.

The Company consolidates the results of operations and financial position of all voting interest entities ("VOE") in which the Company has a controlling financial interest and all variable interest entities ("VIE") in which the Company is considered to be the primary beneficiary. The consolidation assessment, including the determination as to whether an entity qualifies as a VIE or VOE, depends on the facts and circumstances surrounding each entity.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Ultimate actual results could differ, possibly materially, from those estimates.

All intercompany accounts and transactions have been eliminated.

Application of Recently Issued Accounting Standard Changes.

The Company did not adopt any new accounting standards that had a material impact during the three and nine months ended September 30, 2023. The Company assessed the adoption impacts of recently issued accounting standards by the Financial Accounting Standards Board ("FASB") on the Company's consolidated financial statements as well as material updates to previous assessments, if any, from the Company's Annual Report on Form 10-K for the year ended December 31, 2022. There were no accounting standards issued in the nine months ended September 30, 2023, that are expected to have a material impact to Group.

Application of Methods and Assumption changes

During 2023, the Company refined its premium estimation methodology for its risk attaching reinsurance contracts within its Reinsurance Segment to continue to recognize gross written premium over the term of the treaty, albeit over a different pattern than what was previously used. The refined estimate resulted in an increase of gross written premium during the three and nine months ended September 30, 2023 periods and has further aligned the estimation methodology across the reinsurance division globally. This change had no impact on the total written premium to be recognized over the term of the treaty. There was no impact on net earned premium and therefore, no impact on income from continuing operations, net income, or any related per-share amounts.

3. INVESTMENTS

The tables below present the amortized cost, allowance for credit losses, gross unrealized appreciation/(depreciation) ("URA(D)") and fair value of fixed maturity securities - available for sale for the periods indicated:

	At September 30, 2023				
(Dollars in millions)	Amortized Cost	Allowance for Credit Losses	Unrealized Appreciation	Unrealized Depreciation	Fair Value
Fixed maturity securities - available for sale					
U.S. Treasury securities and obligations of					
U.S. government agencies and corporations	$ 1,198	$ —	$ 4	$ (81)	1,121
Obligations of U.S. states and political subdivisions	406	(1)	—	(42)	363
Corporate Securities	7,875	(57)	20	(654)	7,184
Asset-backed Securities	5,326	—	15	(69)	5,272
Mortgage-backed securities					
Commercial	1,143	—	—	(124)	1,019
Agency Residential	3,739	—	1	(435)	3,305
Non-agency Residential	218	—	—	(9)	209
Foreign government securities	1,844	—	5	(197)	1,651
Foreign corporate securities	5,557	(3)	12	(531)	5,034
Total fixed maturity securities - available for sale	$ 27,305	$ (60)	$ 57	$ (2,143)	$ 25,159

(Some amounts may not reconcile due to rounding.)

	At December 31, 2022				
(Dollars in millions)	Amortized Cost	Allowance for Credit Losses	Unrealized Appreciation	Unrealized Depreciation	Fair Value
Fixed maturity securities - available for sale					
U.S. Treasury securities and obligations of					
U.S. government agencies and corporations	$ 1,334	$ —	$ 6	$ (82)	$ 1,257
Obligations of U.S. states and political subdivisions	444	—	2	(32)	413
Corporate securities	7,044	(45)	31	(561)	6,469
Asset-backed securities	4,229	—	5	(171)	4,063
Mortgage-backed securities					
Commercial	1,023	—	—	(105)	919
Agency residential	3,382	—	7	(290)	3,099
Non-agency residential	5	—	—	(1)	4
Foreign government securities	1,586	—	8	(179)	1,415
Foreign corporate securities	5,143	(10)	23	(562)	4,596
Total fixed maturity securities - available for sale	$ 24,191	$ (54)	$ 81	$ (1,982)	$ 22,236

(Some amounts may not reconcile due to rounding.)

The following tables show amortized cost, allowance for credit losses, gross URA(D) and fair value of fixed maturity securities - held to maturity for the periods indicated:

	At September 30, 2023				
(Dollars in millions)	Amortized Cost	Allowance for Credit Losses	Unrealized Appreciation	Unrealized Depreciation	Fair Value
Fixed maturity securities - held to maturity					
Corporate Securities	$ 156	$ (2)	$ 1	$ (9)	$ 146
Asset-backed Securities	602	(5)	3	(18)	581
Mortgage-backed securities					
Commercial	15	—	—	—	15
Foreign corporate securities	24	(1)	1	—	24
Total fixed maturity securities - held to maturity	$ 797	(8)	$ 4	$ (27)	$ 766

(Some amounts may not reconcile due to rounding.)

(Dollars in millions)	At December 31, 2022 Amortized Cost	Allowance for Credit Losses	Unrealized Appreciation	Unrealized Depreciation	Fair Value
Fixed maturity securities - held to maturity					
Corporate Securities	$ 152	$ (2)	$ —	$ (6)	$ 144
Asset-backed Securities	661	(6)	2	(15)	642
Mortgage-backed securities					
Commercial	7	—	—	—	7
Foreign corporate securities	28	(1)	2	—	28
Total fixed maturity securities - held to maturity	$ 848	$ (9)	$ 3	$ (22)	$ 821

(Some amounts may not reconcile due to rounding.)

The amortized cost and fair value of fixed maturity securities - available for sale are shown in the following table by contractual maturity. As the stated maturity of such securities may not be indicative of actual maturities, the totals for mortgage-backed and asset-backed securities are shown separately.

	At September 30, 2023		At December 31, 2022	
(Dollars in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Fixed maturity securities – available for sale				
Due in one year or less	$ 1,692	$ 1,636	$ 1,331	$ 1,314
Due after one year through five years	8,587	7,984	8,131	7,546
Due after five years through ten years	4,734	4,134	4,636	4,057
Due after ten years	1,866	1,601	1,454	1,233
Asset-backed securities	5,326	5,272	4,229	4,063
Mortgage-backed securities				
Commercial	1,143	1,019	1,023	919
Agency residential	3,739	3,305	3,382	3,099
Non-agency residential	218	209	5	4
Total fixed maturity securities - available for sale	$ 27,305	$ 25,159	$ 24,191	$ 22,236

(Some amounts may not reconcile due to rounding.)

The amortized cost and fair value of fixed maturity securities - held to maturity are shown in the following table by contractual maturity. As the stated maturity of such securities may not be indicative of actual maturities, the totals for mortgage-backed and asset-backed securities are shown separately.

	At September 30, 2023		At December 31, 2022	
(Dollars in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Fixed maturity securities – held to maturity				
Due in one year or less	$ 5	$ 5	$ 5	$ 5
Due after one year through five years	64	62	63	61
Due after five years through ten years	44	41	43	41
Due after ten years	68	62	68	65
Asset-backed securities	602	581	661	642
Mortgage-backed securities				
Commercial	15	15	7	7
Total fixed maturity securities - held to maturity	$ 797	$ 766	$ 848	$ 821

(Some amounts may not reconcile due to rounding.)

During the third quarter of 2022, the Company re-designated a portion of its fixed maturity securities from its fixed maturity – available for sale portfolio to its fixed maturity – held to maturity portfolio. The fair value of the securities reclassified at the date of transfer was $722 million, net of allowance for current expected credit losses, which was subsequently recognized as the new amortized cost basis. As of September 30, 2023, these securities had an unrealized loss of $44 million, which remained in accumulated other comprehensive income ("AOCI") on the balance sheet and will be amortized into income through an adjustment to the yields of the underlying securities over the remaining life of the securities. The fair values of these securities incorporate the use of significant unobservable inputs and therefore are classified as Level 3 within the fair value hierarchy.

The Company evaluated fixed maturity securities classified as held to maturity for current expected credit losses as of September 30, 2023 utilizing risk characteristics of each security, including credit rating, remaining time to maturity, adjusted for prepayment considerations, and subordination level, and applying default and recovery rates, which include the incorporation of historical credit loss experience and macroeconomic forecasts, to develop an estimate of current expected credit losses. These fixed maturities classified as held to maturity are of a high credit quality and are all rated investment grade as of September 30, 2023.

The changes in net URA(D) for the Company's investments are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	2023	2022	2023	2022
Increase (decrease) during the period between the fair value and cost of				
investments carried at fair value, and deferred taxes thereon:				
Fixed maturity securities - available for sale and short-term investments	$ (264)	$ (724)	$ (180)	$ (2,484)
Change in URA(D), pre-tax	(264)	(724)	(180)	$ (2,484)
Deferred tax benefit (expense)	22	53	20	$ 285
Change in URA(D), net of deferred taxes, included in shareholders' equity	$ (242)	$ (671)	$ (159)	$ (2,199)

(Some amounts may not reconcile due to rounding.)

The tables below display the aggregate fair value and gross unrealized depreciation of fixed maturity securities - available for sale by security type and contractual maturity, in each case subdivided according to length of time that individual securities had been in a continuous unrealized loss position for the periods indicated:

	Duration of Unrealized Loss at September 30, 2023 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in millions)	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of						
U.S. government agencies and corporations	$ 197	$ (11)	$ 841	$ (70)	$ 1,038	$ (81)
Obligations of U.S. states and political subdivisions	108	(3)	206	(39)	314	(42)
Corporate securities	2,030	(142)	4,292	(512)	6,322	(653)
Asset-backed securities	846	(20)	2,245	(48)	3,091	(69)
Mortgage-backed securities						
Commercial	152	(4)	865	(120)	1,017	(124)
Agency residential	1,204	(68)	2,090	(368)	3,294	(435)
Non-agency residential	164	(9)	4	—	167	(9)
Foreign government securities	447	(21)	1,109	(176)	1,556	(197)
Foreign corporate securities	1,199	(42)	3,447	(488)	4,646	(531)
Total	$ 6,346	$ (320)	$ 15,098	$ (1,822)	$ 21,445	$ (2,141)
Securities where an allowance for credit loss was recorded	—	(1)	—	(1)	1	(2)
Total fixed maturity securities - available for sale	$ 6,347	$ (320)	$ 15,099	$ (1,823)	$ 21,445	$ (2,143)

(Some amounts may not reconcile due to rounding.)

(Dollars in millions)	Duration of Unrealized Loss at September 30, 2023 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation
Fixed maturity securities - available for sale						
Due in one year or less	$ 169	$ (3)	$ 1,259	$ (45)	$ 1,428	$ (48)
Due in one year through five years	1,634	(51)	5,425	(567)	7,059	(618)
Due in five years through ten years	1,263	(67)	2,662	(533)	3,925	(601)
Due after ten years	914	(98)	549	(139)	1,464	(237)
Asset-backed securities	846	(20)	2,245	(48)	3,091	(69)
Mortgage-backed securities	1,519	(81)	2,959	(488)	4,478	(569)
Total	$ 6,346	$ (320)	$ 15,098	$ (1,822)	$ 21,445	$ (2,141)
Securities where an allowance for credit loss was recorded	—	(1)	—	(1)	1	(2)
Total fixed maturity securities - available for sale	$ 6,347	$ (320)	$ 15,099	$ (1,823)	$ 21,445	$ (2,143)

(Some amounts may not reconcile due to rounding.)

The aggregate fair value and gross unrealized losses related to fixed maturity securities - available for sale in an unrealized loss position at September 30, 2023 were $21.4 billion and $2.1 billion, respectively. The fair value of securities for the single issuer (the United States government), whose securities comprised the largest unrealized loss position at September 30, 2023, amounted to less than 4.2% of the overall fair value of the Company's fixed maturity securities available for sale. The fair value of the securities for the issuer with the second largest unrealized loss position at September 30, 2023 comprised less than 0.7% of the Company's fixed maturity securities available for sale. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The $320 million of unrealized losses related to fixed maturity securities - available for sale that have been in an unrealized loss position for less than one year were generally comprised of domestic and foreign corporate securities, agency residential mortgage-backed securities, foreign government securities and asset-backed securities. Of these unrealized losses, $288 million were related to securities that were rated investment grade by at least one nationally recognized rating agency. The $1.8 billion of unrealized losses related to fixed maturity securities - available for sale in an unrealized loss position for more than one year related primarily to domestic and foreign corporate securities, agency residential mortgage-backed securities, foreign government securities and commercial mortgage-backed securities. Of these unrealized losses, $1.5 billion were related to securities that were rated investment grade by at least one nationally recognized rating agency. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments. Based upon the Company's current evaluation of securities in an unrealized loss position as of September 30, 2023, the unrealized losses are due to changes in interest rates and non-issuer-specific credit spreads and are not credit-related. In addition, the contractual terms of these securities do not permit these securities to be settled at a price less than their amortized cost.

The Company, given the size of its investment portfolio and capital position, does not have the intent to sell these securities; and it is more likely than not that the Company will not have to sell the security before recovery of its cost basis. In addition, all securities currently in an unrealized loss position are current with respect to principal and interest payments.

The tables below display the aggregate fair value and gross unrealized depreciation of fixed maturity securities - available for sale by security type and contractual maturity, in each case subdivided according to length of time that individual securities had been in a continuous unrealized loss position for the periods indicated:

	Duration of Unrealized Loss at December 31, 2022 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in millions)	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of						
U.S. government agencies and corporations	$ 668	$ (31)	$ 487	$ (52)	$ 1,155	$ (82)
Obligations of U.S. states and political subdivisions	235	(23)	27	(9)	261	(32)
Corporate securities	4,143	(326)	1,316	(234)	5,459	(561)
Asset-backed securities	3,204	(142)	456	(29)	3,661	(171)
Mortgage-backed securities						
Commercial	806	(90)	101	(15)	907	(105)
Agency residential	1,905	(132)	870	(158)	2,776	(289)
Non-agency residential	4	—	1	—	4	—
Foreign government securities	985	(100)	321	(79)	1,306	(179)
Foreign corporate securities	3,264	(372)	853	(189)	4,117	(561)
Total	$ 15,213	$ (1,217)	$ 4,432	$ (764)	$ 19,645	$ (1,982)
Securities where an allowance for credit loss was recorded	2	—	—	—	2	—
Total fixed maturity securities - available for sale	$ 15,215	$ (1,217)	$ 4,432	$ (764)	$ 19,647	$ (1,982)

(Some amounts may not reconcile due to rounding.)

	Duration of Unrealized Loss at December 31, 2022 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in millions)	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation
Fixed maturity securities - available for sale						
Due in one year or less	$ 989	$ (19)	$ 40	$ (7)	$ 1,029	$ (26)
Due in one year through five years	4,935	(383)	1,645	(209)	6,580	(592)
Due in five years through ten years	2,698	(360)	911	(230)	3,609	(590)
Due after ten years	672	(91)	408	(116)	1,080	(207)
Asset-backed securities	3,204	(142)	456	(29)	3,661	(171)
Mortgage-backed securities	2,715	(222)	972	(173)	3,687	(395)
Total	$ 15,213	$ (1,217)	$ 4,432	$ (764)	$ 19,645	$ (1,982)
Securities where an allowance for credit loss was recorded	2	—	—	—	2	—
Total fixed maturity securities - available for sale	$ 15,215	$ (1,217)	$ 4,432	$ (764)	$ 19,647	$ (1,982)

(Some amounts may not reconcile due to rounding.)

The aggregate fair value and gross unrealized losses related to fixed maturity - available for sale investments in an unrealized loss position at December 31, 2022 were $19.6 billion and $2.0 billion, respectively. The fair value of securities for the single issuer (the United States government), whose securities comprised the largest unrealized loss position at December 31, 2022, amounted to less than 5.2% of the overall fair value of the Company’s fixed maturity securities - available for sale. The fair value of the securities for the issuer with the second largest unrealized loss comprised less than 0.2% of the Company’s fixed maturity securities - available for sale. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The $1.2 billion of unrealized losses related to fixed maturity securities - available for sale that have been in an unrealized loss position for less than one year were generally comprised of domestic and foreign corporate securities, asset-backed securities, agency residential mortgage-backed securities and foreign government securities. Of these unrealized losses, $1.1 billion were related to securities that were rated investment grade by at least one nationally recognized rating agency. The $764 million of unrealized losses related to fixed maturity securities - available for sale in an unrealized loss position for more than one year related primarily to domestic and foreign corporate securities, agency residential mortgage-backed securities and foreign government securities. Of these unrealized losses, $732 million were related to securities that were rated investment grade by at least one nationally recognized rating agency. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments.

The components of net investment income are presented in the table below for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	2023	2022	2023	2022
Fixed maturities	$ 299	$ 186	$ 822	$ 503
Equity securities	1	6	3	15
Short-term investments and cash	41	5	92	12
Other invested assets				
Limited partnerships	60	(42)	98	94
Other	15	11	42	37
Gross investment income before adjustments	416	167	1,056	661
Funds held interest income (expense)	5	—	7	4
Future policy benefit reserve income (expense)	—	—	(1)	—
Gross investment income	420	167	1,063	665
Investment expenses	14	15	41	45
Net investment income	$ 406	$ 151	$ 1,023	$ 620

(Some amounts may not reconcile due to rounding.)

The Company records results from limited partnership investments on the equity method of accounting with changes in value reported through net investment income. The net investment income from limited partnerships is dependent upon the Company's share of the net asset values ("NAVs") of interests underlying each limited partnership. Due to the timing of receiving financial information from these partnerships, the results are generally reported on a one month or quarter lag. If the Company determines there has been a significant decline in value of a limited partnership during this lag period, a loss will be recorded in the period in which the Company identifies the decline.

The Company had contractual commitments to invest up to an additional $2.8 billion in limited partnerships and private placement loan securities at September 30, 2023. These commitments will be funded when called in accordance with the partnership and loan agreements, which have investment periods that expire, unless extended, through 2027.

During the fourth quarter of 2022, the Company entered into corporate-owned life insurance ("COLI") policies, which are invested in debt and equity securities. The COLI policies are carried within other invested assets at policy cash surrender value of $984 million and $939 million as of September 30, 2023 and December 31, 2022, respectively.

Variable Interest Entities

The Company is engaged with various special purpose entities and other entities that are deemed to be VIEs primarily as an investor through normal investment activities but also as an investment manager. A VIE is an entity that either has investors that lack certain essential characteristics of a controlling financial interest, such as simple majority kick-out rights, or lacks sufficient funds to finance its own activities without financial support provided by other entities. The Company performs ongoing qualitative assessments of its VIEs to determine whether the Company has a controlling financial interest in the VIE and therefore is the primary beneficiary. The Company is deemed to have a controlling financial interest when it has both the ability to direct the activities that most significantly impact the economic performance of the VIE and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. Based on the Company's assessment, if it determines it is the primary beneficiary, the Company consolidates the VIE in the Company's Consolidated Financial Statements. As of September 30, 2023 and December 31, 2022, the Company did not hold any securities for which it is the primary beneficiary.

The Company, through normal investment activities, makes passive investments in general and limited partnerships and other alternative investments. For these non-consolidated VIEs, the Company has determined it is not the primary beneficiary as it has no ability to direct activities that could significantly affect the economic performance of the investments. The Company's maximum exposure to loss as of September 30, 2023 and December 31, 2022 is limited to the total carrying value of $4.4 billion and $4.1 billion, respectively, which are included in general and limited partnerships and other alternative investments in Other Invested Assets in the Company's Consolidated Balance Sheets.

As of September 30, 2023, the Company has outstanding commitments totaling $2.2 billion whereby the Company is committed to fund these investments and may be called by the partnership during the commitment period to fund the purchase of new investments and partnership expenses. These investments are generally of a passive nature in that the Company does not take an active role in management.

In addition, the Company makes passive investments in structured securities issued by VIEs for which the Company is not the manager. These investments are included in asset-backed securities, which includes collateralized loan obligations and are classified as fixed maturities, available for sale. The Company has not provided financial or other support with respect to these investments other than its original investment. For these investments, the Company determined it is not the primary beneficiary due to the relative size of the Company's investment in comparison to the principal amount of the structured securities issued by the VIEs, credit subordination that reduces the Company's obligation to absorb losses or right to receive benefits or the Company's inability to direct the activities that most significantly impact the economic performance of the VIEs. The Company's maximum exposure to loss on these investments is limited to the amount of the Company's investment.

The components of net gains (losses) on investments are presented in the table below for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	2023	2022	2023	2022
Fixed maturity securities				
Allowance for credit losses	$ 2	$ (5)	$ (6)	$ (18)
Net realized gains (losses) from dispositions	(19)	(53)	(21)	(66)
Equity securities, fair value				
Net realized gains (losses) from dispositions	1	58	8	15
Gains (losses) from fair value adjustments	(16)	(136)	(3)	(462)
Other invested assets	—	6	—	11
Short-term investments gain (loss)	—	1	—	1
Total net gains (losses) on investments	$ (31)	$ (129)	$ (21)	$ (519)

(Some amounts may not reconcile due to rounding.)

The following tables provide a roll forward of the Company's beginning and ending balance of allowance for credit losses for the periods indicated:

	Roll Forward of Allowance for Credit Losses - Fixed Maturities - Available for Sale							
	Three Months Ended September 30, 2023				Nine Months Ended September 30, 2023			
(Dollars in millions)	Corporate Securities	Municipals	Foreign Corporate Securities	Total	Corporate Securities	Municipals	Foreign Corporate Securities	Total
Beginning balance	$ (56)	$ —	$ (7)	$ (63)	$ (45)	$ —	$ (10)	$ (54)
Credit losses on securities where credit losses were not previously recorded	(3)	—	—	(3)	(17)	—	—	(17)
Increases in allowance on previously impaired securities	—	—	—	—	—	—	—	—
Decreases in allowance on previously impaired securities	—	—	—	—	—	—	—	—
Reduction in allowance due to disposals	$ 2	$ —	$ 4	$ 6	$ 6	$ —	$ 6	$ 12
Balance, end of period	$ (57)	$ (1)	$ (3)	$ (60)	$ (57)	$ (1)	$ (3)	$ (60)

(Some amounts may not reconcile due to rounding.)

(Dollars in millions)	Roll Forward of Allowance for Credit Losses - Fixed Maturities - Available for Sale							
	Three Months Ended September 30, 2022				Nine Months Ended September 30, 2022			
	Corporate Securities	Asset-Backed Securities	Foreign Corporate Securities	Total	Corporate Securities	Asset-Backed Securities	Foreign Corporate Securities	Total
Beginning balance	$ (26)	$ —	$ (17)	$ (43)	$ (19)	$ (8)	$ (3)	$ (30)
Credit losses on securities where credit losses were not previously recorded	—	—	—	—	(7)	—	(16)	(23)
Increases in allowance on previously impaired securities	(3)	—	—	(3)	(4)	—	(1)	(4)
Decreases in allowance on previously impaired securities	—	—	—	—	—	—	—	—
Reduction in allowance due to disposals	—	—	8	8	1	8	10	19
Balance, end of period	$ (29)	—	$ (9)	$ (38)	$ (29)	$ —	$ (9)	$ (38)

(Some amounts may not reconcile due to rounding.)

(Dollars in millions)	Roll Forward of Allowance for Credit Losses - Fixed Maturities - Held to Maturity							
	Three Months Ended September 30, 2023				Nine Months Ended September 30, 2023			
	Corporate Securities	Asset-Backed Securities	Foreign Corporate Securities	Total	Corporate Securities	Asset-Backed Securities	Foreign Corporate Securities	Total
Beginning balance	$ (2)	$ (6)	$ (1)	$ (8)	$ (2)	$ (6)	$ (1)	$ (9)
Credit losses on securities where credit losses were not previously recorded	—	—	—	—	—	—	—	—
Increases in allowance on previously impaired securities	—	—	—	—	—	—	—	—
Decreases in allowance on previously impaired securities	—	—	—	—	—	—	—	—
Reduction in allowance due to disposals	—	—	—	—	—	—	—	—
Balance, end of period	$ (2)	$ (5)	$ (1)	$ (8)	$ (2)	$ (5)	$ (1)	$ (8)

(Some amounts may not reconcile due to rounding.)

(Dollars in millions)	Roll Forward of Allowance for Credit Losses - Fixed Maturities - Held to Maturity							
	Three Months Ended September 30, 2022				Nine Months Ended September 30, 2022			
	Corporate Securities	Asset-Backed Securities	Foreign Corporate Securities	Total	Corporate Securities	Asset-Backed Securities	Foreign Corporate Securities	Total
Beginning balance	$ —	$ —	$ —	—	$ —	$ —	$ —	$ —
Credit losses on securities where credit losses were not previously recorded	(2)	(6)	(1)	(9)	(2)	(6)	(1)	(9)
Increases in allowance on previously impaired securities	—	—	—	—	—	—	—	—
Decreases in allowance on previously impaired securities	—	—	—	—	—	—	—	—
Reduction in allowance due to disposals	—	—	—	—	—	—	—	—
Balance, end of period	(2)	(6)	$ (1)	$ (9)	$ (2)	$ (6)	$ (1)	$ (9)

(Some amounts may not reconcile due to rounding.)

The proceeds and split between gross gains and losses from dispositions of fixed maturity and equity securities are presented in the table below for the periods indicated:

(Dollars in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Proceeds from sales of fixed maturity securities - available for sale	$ 300	$ 405	$ 468	$ 1,177
Gross gains from dispositions	4	5	21	33
Gross losses from dispositions	(23)	(58)	(42)	(98)
Proceeds from sales of equity securities	$ 80	$ 592	$ 126	$ 1,030
Gross gains from dispositions	2	60	8	67
Gross losses from dispositions	—	(2)	—	(53)

(Some amounts may not reconcile due to rounding.)

4. FAIR VALUE

GAAP guidance regarding fair value measurements addresses how companies should measure fair value when they are required to use fair value measures for recognition or disclosure purposes under GAAP and provides a common definition of fair value to be used throughout GAAP. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. In addition, it establishes a three-level valuation hierarchy for the disclosure of fair value measurements. The valuation hierarchy is based on the transparency of inputs to the valuation of an asset or liability. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement, with Level 1 being the highest priority and Level 3 being the lowest priority.

The levels in the hierarchy are defined as follows:

Level 1: Inputs to the valuation methodology are observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in an active market;

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument;

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's fixed maturity and equity securities are primarily managed by third-party investment asset managers. The investment asset managers managing publicly traded securities obtain prices from nationally recognized pricing services. These services seek to utilize market data and observations in their evaluation process. They use pricing applications that vary by asset class and incorporate available market information, and when fixed maturity securities do not trade on a daily basis, the services will apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing. In addition, they use model processes, such as the Option Adjusted Spread model to develop prepayment and interest rate scenarios for securities that have prepayment features.

The investment asset managers do not make any changes to prices received from either the pricing services or the investment brokers. In addition, the investment asset managers have procedures in place to review the reasonableness of the prices from the service providers and may request verification of the prices. The Company also continually performs quantitative and qualitative analysis of prices, including but not limited to initial and ongoing review of pricing methodologies, review of prices obtained from pricing services and third-party investment asset managers, review of pricing statistics and trends, and comparison of prices for certain securities with a secondary price source for reasonableness. No material variances were noted during these price validation procedures. In limited situations, where financial markets are inactive or illiquid, the Company may use its own assumptions about future cash flows and risk-adjusted discount rates to determine fair value. At September 30, 2023, $1.9 billion of fixed maturities were fair valued using unobservable inputs. The majority of these fixed maturities were valued by investment managers' valuation committees and many of these fair values were substantiated by valuations from independent third parties. The Company has procedures in place to evaluate these independent third-party valuations. At December 31, 2022, $1.7 billion of fixed maturities were fair valued using unobservable inputs.

The Company internally manages a portfolio of assets which had a fair value at September 30, 2023 and December 31, 2022 of $5.6 billion and $2.7 billion, respectively, primarily comprised of collateralized loan obligations included in asset-backed securities and U.S. treasury fixed maturities. All prices for these securities were obtained from publicly published sources or nationally recognized pricing vendors.

Equity securities denominated in U.S. currency with quoted prices in active markets for identical assets are categorized as Level 1 since the quoted prices are directly observable. Equity securities traded on foreign exchanges are categorized as Level 2 due to the added input of a foreign exchange conversion rate to determine fair value. The Company uses foreign currency exchange rates published by nationally recognized sources.

Fixed maturity securities listed in the tables have been categorized as Level 2, since a particular security may not have traded but the pricing services are able to use valuation models with observable market inputs such as interest rate yield curves and prices for similar fixed maturity securities in terms of issuer, maturity and seniority. For foreign government securities and foreign corporate securities, the fair values provided by the third-party pricing services in local currencies, and where applicable, are converted to U.S. dollars using currency exchange rates from nationally recognized sources.

In addition to the valuations from investment managers, some of the fixed maturities with fair values categorized as Level 3 result when prices are not available from the nationally recognized pricing services and are derived using unobservable inputs. The Company will value the securities with unobservable inputs using comparable market information or receive fair values from investment managers. The investment managers may obtain non-binding price quotes for the securities from brokers. The single broker quotes are provided by market makers or broker-dealers who are recognized as market participants in the markets in which they are providing the quotes. The prices received from brokers are reviewed for reasonableness by the third-party investment asset managers and the Company. If the broker quotes are for foreign denominated securities, the quotes are converted to U.S. dollars using currency exchange rates from nationally recognized sources.

The composition and valuation inputs for the presented fixed maturities categories Level 1 and Level 2 are as follows:

- U.S. Treasury securities and obligations of U.S. government agencies and corporations are primarily comprised of U.S. Treasury bonds, and the fair value is based on observable market inputs such as quoted prices, reported trades, quoted prices for similar issuances or benchmark yields;

- Obligations of U.S. states and political subdivisions are comprised of state and municipal bond issuances, and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities, benchmark yields and credit spreads;

- Corporate securities are primarily comprised of U.S. corporate and public utility bond issuances, and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities, benchmark yields and credit spreads;

- Asset-backed and mortgage-backed securities fair values are based on observable inputs such as quoted prices, reported trades, quoted prices for similar issuances or benchmark yields and cash flow models using observable inputs such as prepayment speeds, collateral performance and default spreads;

- Foreign government securities are comprised of global non-U.S. sovereign bond issuances, and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities and models with observable inputs such as benchmark yields and credit spreads and then, where applicable, converted to U.S. dollars using an exchange rate from a nationally recognized source;

- Foreign corporate securities are comprised of global non-U.S. corporate bond issuances, and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities and models with observable inputs such as benchmark yields and credit spreads and then, where applicable, converted to U.S. dollars using an exchange rate from a nationally recognized source.

The following tables present the fair value measurement levels for all assets and liabilities, which the Company has recorded at fair value as of the periods indicated:

(Dollars in millions)	September 30, 2023	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Fixed maturities - available for sale				
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 1,121	$ —	$ 1,121	$ —
Obligations of U.S. States and political subdivisions	363	—	363	—
Corporate securities	7,184	—	6,459	725
Asset-backed securities	5,272	—	4,092	1,180
Mortgage-backed securities				
Commercial	1,019	—	1,019	—
Agency residential	3,305	—	3,305	—
Non-agency residential	209	—	209	—
Foreign government securities	1,651	—	1,651	—
Foreign corporate securities	5,034	—	5,019	16
Total fixed maturities - available for sale	25,159	—	23,238	1,921
Equity securities, fair value	166	58	108	—

(Some amounts may not reconcile due to rounding.)

(Dollars in millions)	December 31, 2022	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Fixed maturities - available for sale				
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 1,257	$ —	$ 1,257	$ —
Obligations of U.S. States and political subdivisions	413	—	413	—
Corporate securities	6,469	—	5,754	715
Asset-backed securities	4,063	—	3,069	994
Mortgage-backed securities				
Commercial	919	—	919	—
Agency residential	3,099	—	3,099	—
Non-agency residential	4	—	4	—
Foreign government securities	1,415	—	1,415	—
Foreign corporate securities	4,596	—	4,579	16
Total fixed maturities - available for sale	22,236	—	20,511	1,725
Equity securities, fair value	281	132	150	—

(Some amounts may not reconcile due to rounding.)

In addition, $284 million and $292 million of investments within other invested assets on the consolidated balance sheets as of September 30, 2023 and December 31, 2022, respectively, are not included within the fair value hierarchy tables, as the assets are measured at NAV as a practical expedient to determine fair value.

The following tables present the activity under Level 3, fair value measurements using significant unobservable inputs for fixed maturities - available for sale, for the periods indicated:

	Total Fixed Maturities - Available for Sale							
	Three Months Ended September 30, 2023				Nine Months Ended September 30, 2023			
(Dollars in millions)	Corporate Securities	Asset-Backed Securities	Foreign Corporate	Total	Corporate Securities	Asset-Backed Securities	Foreign Corporate	Total
Beginning balance of fixed maturities	$ 711	$ 1,115	$ 16	$ 1,842	$ 715	$ 994	$ 16	$ 1,725
Total gains or (losses) (realized/unrealized)								
Included in earnings	1	—	—	1	3	—	—	3
Included in other comprehensive income (loss)	—	(3)	—	(3)	(5)	7	—	2
Purchases, issuances and settlements	12	68	—	80	12	179	—	191
Transfers in/(out) of Level 3 and reclassification of securities in/(out) of investment categories	—	—	—	—	—	—	—	—
Ending balance of fixed maturities	$ 725	$ 1,180	$ 16	$ 1,921	$ 725	$ 1,180	$ 16	$ 1,921
The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$ —	$ —	$ —	$ —	$ 1	$ —	$ —	$ 1

(Some amounts may not reconcile due to rounding.)

	Total Fixed Maturities - Available for Sale									
	Three Months Ended September 30, 2022					Nine Months Ended September 30, 2022				
(Dollars in millions)	Corporate Securities	Asset-Backed Securities	CMBS	Foreign Corporate	Total	Corporate Securities	Asset-Backed Securities	CMBS	Foreign Corporate	Total
Beginning balance of fixed maturities	$ 863	$ 1,255	$ 6	$ 40	$2,164	$ 801	$ 1,251	$ —	$ 16	$2,068
Total gains or (losses) (realized/unrealized)										
Included in earnings	(2)	—	—	—	(2)	9	—	—	—	9
Included in other comprehensive income (loss)	(6)	65	—	—	59	(13)	(11)	—	(4)	(28)
Purchases, issuances and settlements	27	159	—	—	186	(43)	387	6	8	358
Transfers in/(out) of Level 3 and reclassification of securities in/(out) of investment categories	(163)	(587)	(6)	(24)	(779)	(35)	(735)	(6)	(4)	(779)
Ending balance of fixed maturities	$ 719	$ 893	$ —	$ 16	$1,628	$ 719	$ 893	$ —	$ 16	$1,628
The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$ (3)	$ —	$ —	$ —	$ (3)	$ (8)	$ 8	$ —	$ —	$ —

(Some amounts may not reconcile due to rounding.)

There were no transfers of assets in/(out) of Level 3 for the three and nine months ended September 30, 2023.

The $779 million shown as transfers in/(out) of Level 3 and reclassification of securities in/(out) of investment categories for the three and nine months ended September 30, 2022 relate mainly to previously designated Level 3 securities that the Company has reclassified from “fixed maturities – available for sale” to “fixed maturities – held to maturity” during the third quarter of 2022. As “fixed maturities – held to maturity" are carried at amortized cost, net of credit allowances rather than at fair value as “fixed maturities – available for sale”, these securities are no longer included within the fair value hierarchy table or in the roll forward of Level 3 securities. The fair values of these securities are determined in a similar manner as the Company’s fixed maturity securities available for sale as described above. The fair values of these securities incorporate the use of significant unobservable inputs and therefore are classified as Level 3 within the fair value hierarchy as of September 30, 2022.

Financial Instruments Disclosed, But Not Reported, at Fair Value

Certain financial instruments disclosed, but not reported, at fair value are excluded from the fair value hierarchy tables above. Fair values and valuation hierarchy of fixed maturity securities – held to maturity, senior notes and long-term subordinated notes can be found within Notes 3, 8 and 9, respectively. Short-term investments are stated at cost, which approximates fair value.

5. RESERVE FOR LOSSES, LAE AND FUTURE POLICY BENEFIT RESERVE

Activity in the reserve for losses and loss adjustment expenses ("LAE") is summarized for the periods indicated:

	Nine Months Ended September 30,	
	2023	2022
(Dollars in millions)		
Gross reserves beginning of period	$ 22,065	$ 19,009
Less reinsurance recoverables on unpaid losses	(2,105)	(1,946)
Net reserves beginning of period	19,960	17,063
Incurred related to:		
Current year	6,175	6,291
Prior years	(2)	(2)
Total incurred losses and LAE	6,173	6,289
Paid related to:		
Current year	2,071	1,794
Prior years	2,381	1,841
Total paid losses and LAE	4,452	3,635
Foreign exchange/translation adjustment	(43)	(605)
Net reserves end of period	21,637	19,112
Plus reinsurance recoverables on unpaid losses	2,196	2,110
Gross reserves end of period	$ 23,833	$ 21,222

(Some amounts may not reconcile due to rounding.)

Current year incurred losses were $6.2 billion and $6.3 billion for the nine months ended September 30, 2023 and 2022, respectively. Gross and net reserves increased for the nine months ended September 30, 2023, reflecting an increase in underlying exposure due to earned premium growth, year over year, amounting to approximately $604 million in 2023 current year attritional losses compared to 2022, offset by a decrease of $723 million in 2023 current year catastrophe losses.

6. SEGMENT REPORTING

The Reinsurance operation writes worldwide property and casualty reinsurance and specialty lines of business, on both a treaty and facultative basis, through reinsurance brokers, as well as directly with ceding companies. Business is written in the U.S., Bermuda, and Ireland offices, as well as, through branches in Canada, Singapore, the United Kingdom and Switzerland. The Insurance operation writes property and casualty insurance directly and through brokers, surplus lines brokers and general agents within the U.S., Bermuda, Canada, Europe, Singapore and South America through its offices in the U.S., Bermuda, Canada, Chile, Singapore, the United Kingdom, Ireland, and branches located in the Netherlands, France, Germany and Spain.

These segments are managed independently, but conform with corporate guidelines with respect to pricing, risk management, control of aggregate catastrophe exposures, capital, investments and support operations. Management generally monitors and evaluates the financial performance of these operating segments based upon their underwriting results.

Underwriting results include earned premium less losses and LAE incurred, commission and brokerage expenses and other underwriting expenses. The Company measures its underwriting results using ratios, in particular loss, commission and brokerage and other underwriting expense ratios, which, respectively, result from dividing incurred losses, commissions and brokerage and other underwriting expenses by premiums earned.

The Company does not maintain separate balance sheet data for its operating segments. Accordingly, the Company does not review and evaluate the financial results of its operating segments based upon balance sheet data.

The following tables present the underwriting results for the operating segments for the periods indicated:

(Dollars in millions)	Three Months Ended September 30, 2023 Reinsurance	Insurance	Total	Nine Months Ended September 30, 2023 Reinsurance	Insurance	Total
Gross written premiums	$ 3,219	$ 1,172	$ 4,391	$ 8,622	$ 3,692	$ 12,314
Net written premiums	3,008	858	3,866	8,101	2,768	10,870
Premiums earned	$ 2,612	$ 901	$ 3,513	$ 7,236	$ 2,629	$ 9,865
Incurred losses and LAE	1,665	581	2,246	4,477	1,696	6,173
Commission and brokerage	648	104	752	1,791	307	2,099
Other underwriting expenses	65	150	215	190	430	620
Underwriting gain (loss)	$ 234	$ 66	$ 301	$ 778	$ 196	$ 974
Net investment income			406			1,023
Net gains (losses) on investments			(31)			(21)
Corporate expenses			(19)			(55)
Interest, fee and bond issue cost amortization expense			(34)			(99)
Other income (expense)			103			61
Income (loss) before taxes			$ 725			$ 1,883

(Some amounts may not reconcile due to rounding.)

(Dollars in millions)	Three Months Ended September 30, 2022 Reinsurance	Insurance	Total	Nine Months Ended September 30, 2022 Reinsurance	Insurance	Total
Gross written premiums	$ 2,551	$ 1,129	$ 3,680	$ 6,938	$ 3,376	$ 10,313
Net written premiums	2,460	862	3,323	6,664	2,492	9,156
Premiums earned	$ 2,245	$ 822	$ 3,067	$ 6,451	$ 2,324	$ 8,775
Incurred losses and LAE	1,992	631	2,623	4,699	1,591	6,289
Commission and brokerage	537	104	641	1,582	295	1,877
Other underwriting expenses	54	115	169	156	344	500
Underwriting gain (loss)	$ (338)	$ (29)	$ (367)	$ 14	$ 95	$ 109
Net investment income			151			620
Net gains (losses) on investments			(129)			(519)
Corporate expenses			(16)			(45)
Interest, fee and bond issue cost amortization expense			(25)			(74)
Other income (expense)			(16)			(71)
Income (loss) before taxes			$ (401)			$ 20

(Some amounts may not reconcile due to rounding.)

7. CREDIT FACILITIES

The Company has multiple active committed letter of credit facilities with a total commitment of up to $1.7 billion as of September 30, 2023. The Company also has additional uncommitted letter of credit facilities of up to $240 million which may be accessible via written request and corresponding authorization from the applicable lender. There is no guarantee the uncommitted capacity will be available to us on a future date.

The terms and outstanding amounts for each facility are discussed below:

Bermuda Re Wells Fargo Bilateral Letter of Credit Facility

Effective February 23, 2021, Everest Reinsurance (Bermuda) Ltd. ("Bermuda Re") entered into a letter of credit issuance facility with Wells Fargo, referred to as the "2021 Bermuda Re Wells Fargo Bilateral Letter of Credit Facility." The Bermuda Re Wells Fargo Bilateral Letter of Credit Facility originally provided for the issuance of up to $50 million of secured letters of credit. Effective May 5, 2021, the agreement was amended to provide for the issuance of up to $500 million of secured letters of credit. Effective May 2, 2023, the agreement was amended to extend the availability of committed issuance for an additional year.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in millions)	At September 30, 2023			At December 31, 2022		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Wells Fargo Bank Bilateral LOC Agreement	$ 500	$ 266	12/29/2023	$ 500	$ 463	12/29/2023
		121	12/31/2023		—	
		23	6/28/2024		—	
		24	12/31/2024		—	
	$ 500	$ 434		$ 500	$ 463	

(Some amounts may not reconcile due to rounding.)

Bermuda Re Citibank Letter of Credit Facility

Effective August 9, 2021, Bermuda Re entered into a new letter of credit issuance facility with Citibank N.A., which superseded the previous letter of credit issuance facility with Citibank that was effective December 31, 2020. Both of these are referred to as the “Bermuda Re Letter of Credit Facility”. The current Bermuda Re Citibank Letter of Credit Facility provides for the committed issuance of up to $230 million of secured letters of credit. In addition, the facility provided for the uncommitted issuance of up the $140 million, which may be accessible via written request by the Company and corresponding authorization from Citibank N.A.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in millions)	At September 30, 2023			At December 31, 2022		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Bermuda Re Citibank LOC Facility- Committed	$ 230	$ 209	12/31/2023	$ 230	$ 1	1/1/2023
		—	1/21/2024		4	2/28/2023
		4	2/29/2024		1	3/1/2023
		1	3/1/2024		1	8/15/2023
		3	9/23/2024		3	9/23/2023
		1	12/1/2024		212	12/31/2023
		6	12/31/2024		—	
		1	8/15/2025		—	
Bermuda Re Citibank LOC Facility - Uncommitted	140	105	12/31/2023	140	87	12/31/2023
		7	9/30/2027		18	12/30/2026
Total Citibank Bilateral Agreement	$ 370	$ 338		$ 370	$ 329	

(Some amounts may not reconcile due to rounding.)

Bermuda Re Bayerische Landesbank Bilateral Secured Credit Facility

Effective August 27, 2021, Bermuda Re entered into a letter of credit issuance facility with Bayerische Landesbank, an agreement referred to as the “Bermuda Re Bayerische Landesbank Bilateral Secured Credit Facility”. The Bermuda Re Bayerische Landesbank Bilateral Secured Credit Facility provides for the committed issuance of up to $200 million of secured letters of credit.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in millions)	At September 30, 2023			At December 31, 2022		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Bayerische Landesbank Bilateral Secured Credit Facility	$ 200	$ 179	12/31/2023	$ 200	$ 184	12/31/2023

(Some amounts may not reconcile due to rounding.)

Bermuda Re Bayerische Landesbank Bilateral Unsecured Letter of Credit Facility

Effective December 30, 2022, Bermuda Re entered into a new additional letter of credit issuance facility with Bayerische Landesbank, New York Branch, referred to as the “Bayerische Landesbank Bilateral Unsecured Letter of Credit Facility”. The Bermuda Re Bayerische Landesbank Bilateral Unsecured Letter of Credit Facility provides for the committed issuance of up to $150 million of unsecured letters of credit and is fully and unconditionally guaranteed by Group, as Parent Guarantor.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in millions)	At September 30, 2023					At December 31, 2022				
Bank	Commitment		In Use		Date of Expiry	Commitment		In Use		Date of Expiry
Bayerische Landesbank Bilateral Unsecured LOC Agreement - Committed	$	150	$	150	12/31/2023	$	150	$	150	12/31/2023

(Some amounts may not reconcile due to rounding.)

Bermuda Re Lloyd's Bank Letter of Credit Facility

Effective August 18, 2023, Bermuda Re entered into a new letter of credit issuance facility with Lloyd's Bank Corporate Markets PLC, an agreement referred to as the "Bermuda Re Lloyd's Bank Letter of Credit Facility", which superseded the previous letter of credit issuance facility with Lloyd's Bank that was effective October 8, 2021. The Bermuda Re Lloyd's Bank Letter of Credit Facility provides for the committed issuance of up to $250 million of unsecured letters of credit and is fully and unconditionally guaranteed by Group, as Parent Guarantor.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in millions)	At September 30, 2023					At December 31, 2022				
Bank	Commitment		In Use		Date of Expiry	Commitment		In Use		Date of Expiry
Bermuda Re Lloyd's Bank LOC Facility-Committed	$	250	$	158	12/31/2023	$	50	$	50	12/31/2023
				48	12/31/2024					
Bermuda Re Lloyd's Bank LOC Facility-Uncommitted		—		—			200		136	12/31/2023
Total Bermuda Re Lloyd's Bank LOC Facility	$	250	$	206		$	250	$	186	

(Some amounts may not reconcile due to rounding.)

Bermuda Re Barclays Bank Credit Facility

Effective November 3, 2021, Bermuda Re entered into a letter of credit issuance facility with Barclays Bank PLC, an agreement referred to as the "Bermuda Re Barclays Credit Facility". The Bermuda Re Barclays Credit Facility provides for the committed issuance of up to $200 million of secured letters of credit.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in millions)	At September 30, 2023					At December 31, 2022				
Bank	Commitment		In Use		Date of Expiry	Commitment		In Use		Date of Expiry
Bermuda Re Barclays Bilateral Letter of Credit Facility	$	200	$	179	12/31/2023	$	200	$	179	12/31/2023

Bermuda Re Nordea Bank Letter of Credit Facility

Effective November 21, 2022, Bermuda Re entered into a letter of credit issuance facility with Nordea Bank ABP, New York Branch, referred to as the "Nordea Bank Letter of Credit Facility". The Bermuda Re Nordea Bank Letter of Credit Facility provides for the committed issuance of up to $200 million of unsecured letters of credit, and subject to credit approval, uncommitted issuance of $100 million for a maximum total facility amount of $300 million.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in millions)	At September 30, 2023					At December 31, 2022				
Bank	Commitment		In Use		Date of Expiry	Commitment		In Use		Date of Expiry
Nordea Bank ABP, NY Unsecured LOC Facility - Committed	$	200	$	200	12/31/2023	$	200	$	50	12/31/2023
Nordea Bank ABP, NY Unsecured LOC Facility - Uncommitted		100		100	12/31/2023		100		100	12/31/2023
Total Nordea Bank ABP, NY LOC Facility	$	300	$	300		$	300	$	150	

(Some amounts may not reconcile due to rounding.)

Federal Home Loan Bank Membership

Everest Reinsurance Company ("Everest Re") is a member of the Federal Home Loan Bank of New York ("FHLBNY"), which allows Everest Re to borrow up to 10% of its statutory admitted assets. As of September 30, 2023, Everest Re had admitted assets of approximately $25 billion which provides borrowing capacity in excess of $2.5 billion. As of September 30, 2023, Everest Re has $519 million of borrowings outstanding, all of which expire in 2023. Everest Re incurred interest expense of $7 million and $0.8 million for the three months ended September 30, 2023 and 2022, respectively. Everest Re incurred interest expense of $21 million and $2 million for the nine months ended September 30, 2023 and 2022, respectively. The FHLBNY membership agreement requires that 4.5% of borrowed funds be used to acquire additional membership stock.

8. SENIOR NOTES

The table below displays Everest Reinsurance Holdings' ("Holdings") outstanding senior notes. Fair value is based on quoted market prices, but due to limited trading activity, these senior notes are considered Level 2 in the fair value hierarchy.

				September 30, 2023		December 31, 2022	
(Dollars in millions)	Date Issued	Date Due	Principal Amounts	Consolidated Balance Sheet Amount	Fair Value	Consolidated Balance Sheet Amount	Fair Value
4.868% Senior notes	6/5/2014	6/1/2044	$ 400	$ 398	$ 331	$ 397	$ 343
3.5% Senior notes	10/7/2020	10/15/2050	1,000	981	642	981	677
3.125% Senior notes	10/4/2021	10/15/2052	1,000	970	595	969	627
			$ 2,400	$ 2,348	$ 1,567	$ 2,347	$ 1,647

(Some amounts may not reconcile due to rounding.)

Interest expense incurred in connection with these senior notes is as follows for the periods indicated:

			Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	Interest Paid	Payable Dates	2023	2022	2023	2022
4.868% Senior notes	semi-annually	June 1/December 1	$ 5	$ 5	$ 15	$ 15
3.5% Senior notes	semi-annually	April 15/October 15	9	9	26	26
3.125% Senior notes	semi-annually	April 15/October 15	8	8	24	24
			$ 22	$ 22	$ 65	$ 65

(Some amounts may not reconcile due to rounding.)

9. LONG-TERM SUBORDINATED NOTES

The table below displays Holdings' outstanding fixed to floating rate long-term subordinated notes ("Subordinated Notes Issued 2007"). Fair value is based on quoted market prices, but due to limited trading activity, these subordinated notes are considered Level 2 in the fair value hierarchy.

			Maturity Date		September 30, 2023		December 31, 2022	
(Dollars in millions)	Date Issued	Original Principal Amount	Scheduled	Final	Consolidated Balance Sheet Amount	Fair Value	Consolidated Balance Sheet Amount	Fair Value
Long-term subordinated notes	4/26/2007	$ 400	5/15/2037	5/1/2067	$ 218	$ 197	$ 218	$ 187

During the fixed rate interest period from May 3, 2007 through May 14, 2017, interest was at the annual rate of 6.6%, payable semi-annually in arrears on November 15 and May 15 of each year, commencing on November 15, 2007. During the floating rate interest period from May 15, 2017 through maturity, interest will be based on the 3 month LIBOR plus 238.5 basis points, reset quarterly, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, subject to Holdings' right to defer interest on one or more occasions for up to ten consecutive years. Deferred interest will accumulate interest at the applicable rate compounded quarterly for periods from and including May 15, 2017. The reset quarterly interest rate for August 15, 2023 to November 14, 2023 is 8.01%. Following the cessation of LIBOR, for periods from and including August 15, 2023, interest will be based on 3-month CME Term SOFR plus a spread.

Holdings may redeem the long-term subordinated notes on or after May 15, 2017, in whole or in part at 100% of the principal amount plus accrued and unpaid interest; however, redemption on or after the scheduled maturity date and prior to May 1, 2047 is subject to a replacement capital covenant. This covenant is for the benefit of certain senior note holders and it mandates that Holdings receive proceeds from the sale of another subordinated debt issue, of at least similar size, before it may redeem the subordinated notes. The Company's 4.868% senior notes, due on June 1, 2044, 3.5% senior notes due on October 15, 2050 and 3.125% senior notes due on October 15, 2052 are the Company's long-term indebtedness that rank senior to the long-term subordinated notes.

In 2009, the Company had reduced its outstanding amount of long-term subordinated notes through the initiation of a cash tender offer for any and all of the long-term subordinated notes.

Interest expense incurred in connection with these long-term subordinated notes is as follows for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	2023	2022	2023	2022
Interest expense incurred	$ 4	$ 3	$ 12	$ 6

10. COLLATERALIZED REINSURANCE AND TRUST AGREEMENTS

Certain subsidiaries of Group have established trust agreements, which effectively use the Company's investments as collateral, as security for assumed losses payable to certain non-affiliated ceding companies. At September 30, 2023, the total amount on deposit in trust accounts was $2.5 billion, which included $253 million of restricted cash. At September 30, 2022, the total amount on deposit in trust accounts was $2.2 billion, which included $431 million of restricted cash.

The Company reinsures some of its catastrophe exposures with the segregated accounts of subsidiary Mt. Logan Re, Ltd. ("Mt. Logan Re"). Mt. Logan Re is a collateralized insurer registered in Bermuda and 100% of the voting common shares are owned by Group. Each segregated account invests predominantly in a diversified set of catastrophe exposures, diversified by risk/peril and across different geographic regions globally.

The following table summarizes the premiums and losses that are ceded by the Company to Mt. Logan Re segregated accounts and assumed by the Company from Mt. Logan Re segregated accounts.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Mt. Logan Re Segregated Accounts	2023	2022	2023	2022
(Dollars in millions)				
Ceded written premiums	$ 89	$ 68	$ 187	$ 150
Ceded earned premiums	74	57	172	149
Ceded losses and LAE	26	99	79	161
Assumed written premiums	2	2	3	3
Assumed earned premiums	2	2	3	3
Assumed losses and LAE	—	—	—	—

The Company entered into various collateralized reinsurance agreements with Kilimanjaro Re Limited ("Kilimanjaro"), a Bermuda-based special purpose reinsurer, to provide the Company with catastrophe reinsurance coverage. These agreements are multi-year reinsurance contracts which cover named storm and earthquake events. The table below summarizes the various agreements.

(Dollars in millions)

Class	Description	Effective Date	Expiration Date	Limit	Coverage Basis
Series 2019-1 Class A-1	US, Canada, Puerto Rico – Named Storm and Earthquake Events	12/12/2019	12/19/2023	150	Occurrence
Series 2019-1 Class B-1	US, Canada, Puerto Rico – Named Storm and Earthquake Events	12/12/2019	12/19/2023	275	Aggregate
Series 2019-1 Class A-2	US, Canada, Puerto Rico – Named Storm and Earthquake Events	12/12/2019	12/19/2024	150	Occurrence
Series 2019-1 Class B-2	US, Canada, Puerto Rico – Named Storm and Earthquake Events	12/12/2019	12/19/2024	275	Aggregate
Series 2021-1 Class A-1	US, Canada, Puerto Rico – Named Storm and Earthquake Events	4/8/2021	4/21/2025	150	Occurrence
Series 2021-1 Class B-1	US, Canada, Puerto Rico – Named Storm and Earthquake Events	4/8/2021	4/21/2025	85	Aggregate
Series 2021-1 Class C-1	US, Canada, Puerto Rico – Named Storm and Earthquake Events	4/8/2021	4/21/2025	85	Aggregate
Series 2021-1 Class A-2	US, Canada, Puerto Rico – Named Storm and Earthquake Events	4/8/2021	4/20/2026	150	Occurrence
Series 2021-1 Class B-2	US, Canada, Puerto Rico – Named Storm and Earthquake Events	4/8/2021	4/20/2026	90	Aggregate
Series 2021-1 Class C-2	US, Canada, Puerto Rico – Named Storm and Earthquake Events	4/8/2021	4/20/2026	90	Aggregate
Series 2022-1 Class A	US, Canada, Puerto Rico – Named Storm and Earthquake Events	6/22/2022	6/25/2025	300	Aggregate
	Total available limit as of September 30, 2023			$ 1,800	

Recoveries under these collateralized reinsurance agreements with Kilimanjaro are primarily dependent on estimated industry level insured losses from covered events, as well as the geographic location of the events. The estimated industry level of insured losses is obtained from published estimates by an independent recognized authority on insured property losses. The Company has up to $350 million of catastrophe bond protection ("CAT Bond") that attaches at a $48.1 billion Property Claims Services ("PCS") Industry loss threshold. This recovery would be recognized on a pro-rata basis up to a $63.8 billion PCS Industry loss level. PCS's current industry estimate of $48.4 billion issued in October 2023 exceeds the attachment point. As of September 30, 2023, the recovery under the CAT Bond, included in the Company's financial results, is currently estimated to be $20 million, subject to further revision of the industry loss estimate.

Kilimanjaro has financed the various property catastrophe reinsurance coverages by issuing catastrophe bonds to unrelated, external investors. The proceeds from the issuance of the catastrophe bonds are held in reinsurance trusts throughout the duration of the applicable reinsurance agreements and invested solely in U.S. government money market funds with a rating of at least "AAAm" by Standard & Poor's. The catastrophe bonds' issue dates, maturity dates and amounts correspond to the reinsurance agreements listed above.

11. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Company is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine the Company's rights and obligations under insurance and reinsurance agreements. In some disputes, the Company seeks to enforce its rights under an agreement or to collect funds owing to it. In other matters, the Company is resisting attempts by others to collect funds or enforce alleged rights. These disputes arise from time to time and are ultimately resolved through both informal and formal means, including negotiated resolution, arbitration and litigation. In all such matters, the Company believes that its positions are legally and commercially reasonable. The Company considers the statuses of these proceedings when determining its reserves for unpaid loss and LAE.

Aside from litigation and arbitrations related to these insurance and reinsurance agreements, the Company is not a party to any other material litigation or arbitration.

Table of Contents

12. OTHER COMPREHENSIVE INCOME (LOSS)

The following tables present the components of comprehensive income (loss) in the consolidated statements of operations for the periods indicated:

(Dollars in millions)	Three Months Ended September 30, 2023 Before Tax	Three Months Ended September 30, 2023 Tax Effect	Three Months Ended September 30, 2023 Net of Tax	Nine Months Ended September 30, 2023 Before Tax	Nine Months Ended September 30, 2023 Tax Effect	Nine Months Ended September 30, 2023 Net of Tax
URA(D) on securities - non-credit related	$ (281)	$ 24	$ (257)	$ (206)	$ 26	$ (180)
Reclassification of net realized losses (gains) included in net income (loss)	17	(2)	15	26	(6)	21
Foreign currency translation adjustments	(50)	3	(47)	(19)	2	(17)
Reclassification of benefit plan liability amortization included in net income (loss)	1	—	—	2	—	1
Total other comprehensive income (loss)	$ (313)	$ 25	$ (288)	$ (197)	$ 22	$ (175)

(Some amounts may not reconcile due to rounding)

(Dollars in millions)	Three Months Ended September 30, 2022 Before Tax	Three Months Ended September 30, 2022 Tax Effect	Three Months Ended September 30, 2022 Net of Tax	Nine Months Ended September 30, 2022 Before Tax	Nine Months Ended September 30, 2022 Tax Effect	Nine Months Ended September 30, 2022 Net of Tax
URA(D) on securities - non-credit related	$ (776)	$ 64	$ (712)	$ (2,557)	$ 297	$ (2,260)
Reclassification of net realized losses (gains) included in net income (loss)	51	(10)	41	73	(12)	61
Foreign currency translation adjustments	(109)	8	(101)	(174)	11	(163)
Reclassification of benefit plan liability amortization included in net income (loss)	2	(1)	1	3	(1)	2
Total other comprehensive income (loss)	$ (832)	$ 61	$ (771)	$ (2,655)	$ 295	$ (2,360)

(Some amounts may not reconcile due to rounding)

The following table presents details of the amounts reclassified from AOCI for the periods indicated:

AOCI component	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Affected line item within the statements of operations and comprehensive income (loss)
(Dollars in millions)					
URA(D) on securities	$ 17	$ 51	$ 26	$ 73	Other net realized capital gains (losses)
	(2)	(10)	(6)	(12)	Income tax expense (benefit)
	$ 15	$ 41	$ 21	$ 61	Net income (loss)
Benefit plan net gain (loss)	$ 1	$ 2	$ 2	$ 3	Other underwriting expenses
	—	(1)	—	(1)	Income tax expense (benefit)
	$ —	$ 1	$ 1	$ 2	Net income (loss)

(Some amounts may not reconcile due to rounding)

The following table presents the components of accumulated other comprehensive income (loss), net of tax, in the consolidated balance sheets for the periods indicated:

(Dollars in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Beginning balance of URA(D) on securities	$ (1,627)	$ (1,288)	$ (1,709)	$ 239
Current period change in URA(D) of investments - non-credit related	(242)	(671)	(159)	(2,199)
Ending balance of URA(D) on securities	(1,868)	(1,959)	(1,868)	(1,959)
Beginning balance of foreign currency translation adjustments	(224)	(240)	(254)	(177)
Current period change in foreign currency translation adjustments	(47)	(101)	(17)	(163)
Ending balance of foreign currency translation adjustments	(271)	(341)	(271)	(341)
Beginning balance of benefit plan net gain (loss)	(32)	(49)	(33)	(50)
Current period change in benefit plan net gain (loss)	—	1	1	2
Ending balance of benefit plan net gain (loss)	(32)	(48)	(32)	(48)
Ending balance of accumulated other comprehensive income (loss)	$ (2,171)	$ (2,348)	$ (2,171)	$ (2,348)

(Some amounts may not reconcile due to rounding.)

13. SHARE-BASED COMPENSATION PLANS

For the three months ended September 30, 2023, a total of 4,580 restricted stock awards were granted on September 8, 2023, with a fair value of $369.15 per share. For the three months ended September 30, 2022, a total of 4,070 restricted stock awards were granted on September 8, 2022 with a fair value of $283.72 per share.

For the nine months ended September 30, 2023, a total of 179,676 restricted stock awards were granted: 174,171, 925 and 4,580 restricted share awards were granted on February 23, 2023, May 18, 2023 and September 8, 2023 with a fair value of $382.39 per share, $372.91 per share and $369.15 per share, respectively. Also, 14,975 performance share unit awards were granted on February 23, 2023, with a fair value of $382.39 per share.

For the nine months ended September 30, 2022, a total of 203,208 restricted stock awards were granted: 187,760, 9,048, 2,330 and 4,070 restricted share awards were granted on February 23, 2022, February 24, 2022, May 10, 2022 and September 8, 2022, with a fair value of $301.54 per share, $287.94 per share, $280.98 per share and $283.72 per share, respectively. Additionally, 18,340 performance share unit awards were granted on February 23, 2022, with a fair value of $301.54 per unit.

14. EARNINGS PER COMMON SHARE

Basic earnings per share are calculated by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that would occur if options granted under various share-based compensation plans were exercised resulting in the issuance of common shares that would participate in the earnings of the entity.

Net income (loss) per common share has been computed as per below, based upon weighted average common basic and dilutive shares outstanding.

(Dollars in millions, except per share amounts)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net income (loss) per share:				
Numerator				
Net income (loss)	$ 678	$ (319)	$ 1,713	$ 101
Less: dividends declared - common shares and unvested common shares	(76)	(65)	(212)	(191)
Undistributed earnings	602	(384)	1,501	(90)
Percentage allocated to common shareholders [1]	98.9 %	100.0 %	98.8 %	98.7 %
	595	(384)	1,483	(88)
Add: dividends declared - common shareholders	75	65	210	188
Numerator for basic and diluted earnings per common share	$ 671	$ (319)	$ 1,693	$ 100
Denominator				
Denominator for basic earnings per weighted-average common shares	42.9	38.8	40.8	38.8
Effect of dilutive securities:				
Options	—	—	—	—
Denominator for diluted earnings per adjusted weighted-average common shares	42.9	38.8	40.8	38.8
Per common share net income (loss)				
Basic	$ 15.63	$ (8.22)	$ 41.49	$ 2.57
Diluted	$ 15.63	$ (8.22)	$ 41.49	$ 2.57
[1] Basic weighted - average common shares outstanding	42.9	38.8	40.8	38.8
Basic weighted - average common shares outstanding and unvested common shares expected to vest	43.4	38.8	41.3	39.4
Percentage allocated to common shareholders	98.9 %	100.0 %	98.8 %	98.7 %

(Some amounts may not reconcile due to rounding.)

There were no options outstanding as of September 30, 2023. Options granted under share-based compensation plans have all expired as of September 19, 2022.

15. INCOME TAXES

The Company is domiciled in Bermuda and has subsidiaries and/or branches in Belgium, Canada, Chile, France, Germany, Ireland, the Netherlands, Singapore, Spain, Switzerland, the United Kingdom, and the United States. The Company's Bermuda domiciled subsidiaries are exempt from income taxation under Bermuda law until 2035. The Company's non-Bermudian subsidiaries and branches are subject to income taxation at varying rates in their respective domiciles.

The Company generally applies the estimated annualized effective tax rate ("AETR") approach for calculating its tax provision for interim periods as prescribed by ASC 740-270, Interim Reporting. Under the AETR approach, the estimated AETR is applied to the interim year-to-date pre-tax income/(loss) to determine the income tax expense or benefit for the year-to-date period. The tax expense or benefit for the quarter represents the difference between the year-to-date tax expense or benefit for the current year-to-date period less such amount for the immediately preceding year-to-date period. Management considers the impact of all known events in its estimation of the Company's annual pre-tax income/(loss) and AETR.

On August 16, 2022, the Inflation Reduction Act ("IRA") was enacted. We have evaluated the tax provisions of the IRA, the most significant of which are the corporate alternative minimum tax and the share repurchase excise tax and do not expect the legislation to have a material impact on our results of operations. As the IRS issues additional guidance, we will evaluate any impact to our consolidated financial statements.

16. SUBSEQUENT EVENTS

The Company has evaluated known recognized and non-recognized subsequent events. The Company does not have any subsequent events to report.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Industry Conditions.

The worldwide insurance and reinsurance businesses are highly competitive, as well as cyclical by product and market. As a result, financial results tend to fluctuate with periods of constrained availability, higher rates and stronger profits followed by periods of abundant capacity, lower rates and constrained profitability. Competition in the types of insurance and reinsurance business that we underwrite is based on many factors, including the perceived overall financial strength of the reinsurer or insurer, ratings of the reinsurer or insurer by A.M. Best and/or Standard & Poor's, underwriting expertise, the jurisdictions where the reinsurer or insurer is licensed or otherwise authorized, capacity and coverages offered, premiums charged, other terms and conditions of the insurance and reinsurance business offered, services offered, speed of claims payment and reputation and experience in lines written. Furthermore, the market impact from these competitive factors related to reinsurance and insurance is generally not consistent across lines of business, domestic and international geographical areas and distribution channels.

We compete in the U.S., Bermuda and international insurance and reinsurance markets with numerous global competitors. Our competitors include independent reinsurance and insurance companies, subsidiaries or affiliates of established worldwide insurance companies, reinsurance departments of certain insurance companies, domestic and international underwriting operations, including underwriting syndicates at Lloyd's of London and certain government sponsored risk transfer vehicles. Some of these competitors have greater financial resources than we do and have established long-term and continuing business relationships, which can be a significant competitive advantage. In addition, the lack of strong barriers to entry into the reinsurance business and recently, the securitization of insurance and reinsurance risks through capital markets provide additional sources of potential reinsurance and insurance capacity and competition.

Worldwide insurance and reinsurance market conditions historically have been competitive. Generally, there is ample insurance and reinsurance capacity relative to demand, as well as additional capital from the capital markets through insurance linked financial instruments. These financial instruments such as side cars, catastrophe bonds and collateralized reinsurance funds, provide capital markets with access to insurance and reinsurance risk exposure. The capital markets demand for these products is primarily driven by the desire to achieve greater risk diversification and potentially higher returns on their investments. This competition generally has a negative impact on rates, terms and conditions; however, the impact varies widely by market and coverage. Based on recent competitive behaviors in the insurance and reinsurance industry, natural catastrophe events and the macroeconomic backdrop, there has been dislocation in the market which has had a positive impact on rates and terms and conditions, generally, though specifics in local markets can vary.

Specifically, recent market conditions in property, particularly catastrophe excess of loss, have resulted in rate increases. As a result of the rate increases, most of the lines within property have been affected. Other casualty lines have been experiencing modest rate increases, while some lines such as workers' compensation and directors and officers liability have been experiencing softer market conditions. The impact on pricing conditions is likely to change depending on the line of business and geography.

Our capital position remains a source of strength, with high-quality invested assets, significant liquidity and a low operating expense ratio. Our diversified global platform with its broad mix of products, distribution and geography is resilient.

The recent emergence of the Middle East war and the ongoing war in the Ukraine are evolving events. Economic and legal sanctions have been levied against Russia, specific named individuals and entities connected to the Russian government, as well as businesses located in the Russian Federation and/or owned by Russian nationals in numerous countries, including the United States. The significant political and economic uncertainty surrounding these wars and associated sanctions have impacted economic and investment markets both within Russia, Ukraine, the Middle East region, and around the world.

Financial Summary.

We monitor and evaluate our overall performance based upon financial results. The following table displays a summary of the consolidated net income (loss), ratios and shareholders' equity for the periods indicated.

(Dollars in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Percentage Increase/ (Decrease)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Percentage Increase/ (Decrease)
Gross written premiums	$ 4,391	$ 3,680	19.3%	$ 12,314	$ 10,313	19.4%
Net written premiums	3,866	3,323	16.4%	10,870	9,156	18.7%
REVENUES:						
Premiums earned	$ 3,513	$ 3,067	14.6%	$ 9,865	$ 8,775	12.4%
Net investment income	406	151	NM	1,023	620	64.9%
Net gains (losses) on investments	(31)	(129)	-75.9%	(21)	(519)	-95.9%
Other income (expense)	103	(16)	NM	61	(71)	NM
Total revenues	3,991	3,073	29.9%	10,927	8,805	24.1%
CLAIMS AND EXPENSES:						
Incurred losses and loss adjustment expenses	2,246	2,623	-14.4%	6,173	6,289	-1.9%
Commission, brokerage, taxes and fees	752	641	17.2%	2,099	1,877	11.8%
Other underwriting expenses	215	169	27.2%	620	500	24.0%
Corporate expenses	19	16	22.5%	55	45	22.9%
Interest, fees and bond issue cost amortization expense	34	25	34.4%	99	74	33.8%
Total claims and expenses	3,266	3,474	-6.0%	9,045	8,785	3.0%
INCOME (LOSS) BEFORE TAXES	725	(401)	NM	1,883	20	NM
Income tax expense (benefit)	47	(82)	NM	169	(81)	NM
NET INCOME (LOSS)	$ 678	$ (319)	NM	$ 1,713	$ 101	NM
RATIOS:			Point Change			Point Change
Loss ratio	63.9 %	85.5 %	(21.6)	62.6 %	71.7 %	(9.1)
Commission and brokerage ratio	21.4 %	20.9 %	0.5	21.3 %	21.4 %	(0.1)
Other underwriting expense ratio	6.1 %	5.5 %	0.6	6.3 %	5.7 %	0.6
Combined ratio	91.4 %	112.0 %	(20.5)	90.1 %	98.8 %	(8.6)

(Dollars in millions, except per share amounts)	At September 30, 2023	At December 31, 2022	Percentage Increase/ (Decrease)
Balance sheet data:			
Total investments and cash	$ 34,635	$ 29,872	15.9%
Total assets	46,318	39,966	15.9%
Loss and loss adjustment expense reserves	23,833	22,065	8.0%
Total debt	3,085	3,084	—%
Total liabilities	35,092	31,526	11.3%
Shareholders' equity	11,226	8,441	33.0%
Book value per share	258.71	215.54	20.0%

(NM, not meaningful)

(Some amounts may not reconcile due to rounding.)

Revenues.

Premiums. Gross written premiums increased by 19.3% to $4.4 billion for the three months ended September 30, 2023, compared to $3.7 billion for the three months ended September 30, 2022, reflecting a $668 million, or 26.2%, increase in our reinsurance business and a $43 million, or 3.8%, increase in our insurance business. The increase in reinsurance premiums was primarily due to increases across all lines of business, particularly property pro rata business, casualty pro rata business and casualty excess of loss business. The increase in insurance premiums was due to a mix of growth in property and specialty lines, partially offset by lower written premiums in monoline workers' compensation and financial lines. Gross written premiums increased by 19.4% to $12.3 billion for the nine months ended September 30, 2023, compared to $10.3 billion for the nine months ended September 30, 2022, reflecting a $1.7 billion, or 24.3%, increase in our reinsurance business and a $316 million, or 9.4%, increase in our insurance business. The increase in reinsurance premiums was primarily due to increases across all line of business, particularly property pro rata business and casualty pro rata business. The increase in insurance premiums was due to property/short tail business, other specialty business and specialty casualty business.

Net written premiums increased by 16.4% to $3.9 billion for the three months ended September 30, 2023, compared to $3.3 billion for the three months ended September 30, 2022. Net written premiums increased by 18.7% to $10.9 billion for the nine months ended September 30, 2023, compared to $9.2 billion for the nine months ended September 30, 2022. These increases were consistent with the percentage changes in gross written premiums. Premiums earned generally reflect the portion of net premiums written that was recorded as revenues for the period as the exposure periods expire. Premiums earned increased by 14.6% to $3.5 billion for the three months ended September 30, 2023, compared to $3.1 billion for the three months ended September 30, 2022. Premiums earned increased by 12.4% to $9.9 billion for the nine months ended September 30, 2023, compared to $8.8 billion for the nine months ended September 30, 2022.

Other Income (Expense). We recorded other income of $103 million and other expense of $16 million for the three months ended September 30, 2023 and 2022, respectively. We recorded other income of $61 million and other expense of $71 million for the nine months ended September 30, 2023 and 2022, respectively. The changes were primarily the result of fluctuations in foreign currency exchange rates. We recognized foreign currency exchange income of $100 million and foreign currency expense of $9 million for the three months ended September 30, 2023 and 2022, respectively. We recognized foreign currency exchange income of $51 million and foreign currency expense of $70 million for the nine months ended September 30, 2023 and 2022, respectively.

Net Investment Income. Refer to Consolidated Investments Results Section below.

Net Gains (Losses) on Investments. Refer to Consolidated Investments Results Section below.

Claims and Expenses.

Incurred Losses and Loss Adjustment Expenses. The following tables present our incurred losses and LAE for the periods indicated.

	Three Months Ended September 30,					
(Dollars in millions)	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2023						
Attritional	$ 2,071	58.9 %	$ —	— %	$ 2,071	58.9 %
Catastrophes	175	5.0 %	—	— %	175	5.0 %
Total	$ 2,246	63.9 %	$ —	— %	$ 2,246	63.9 %
2022						
Attritional	$ 1,783	58.1 %	$ —	— %	$ 1,783	58.1 %
Catastrophes	840	27.4 %	—	— %	840	27.4 %
Total	$ 2,623	85.5 %	$ —	— %	$ 2,623	85.5 %
Variance 2023/2022						
Attritional	$ 288	0.8 pts	$ —	— pts	$ 288	0.8 pts
Catastrophes	(665)	(22.4) pts	—	— pts	(665)	(22.4) pts
Total	$ (377)	(21.6) pts	$ —	— pts	$ (377)	(21.6) pts

(Some amounts may not reconcile due to rounding.)

(Dollars in millions)	Nine Months Ended September 30, Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2023						
Attritional	$ 5,855	59.4 %	$ —	— %	$ 5,855	59.4 %
Catastrophes	317	3.2 %	—	— %	317	3.2 %
Total	$ 6,173	62.6 %	$ —	— %	$ 6,173	62.6 %
2022						
Attritional	$ 5,251	59.8 %	$ (2)	— %	$ 5,249	59.8 %
Catastrophes	1,040	11.9 %	—	— %	1,040	11.9 %
Total	$ 6,291	71.7 %	$ (2)	— %	$ 6,289	71.7 %
Variance 2023/2022						
Attritional	$ 604	(0.5) pts	$ 2	— pts	606	(0.5) pts
Catastrophes	(723)	(8.6) pts	—	— pts	(723)	(8.6) pts
Total	$ (118)	(9.1) pts	$ 2	— pts	$ (117)	(9.1) pts

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE decreased by 14.4% to $2.2 billion for the three months ended September 30, 2023, compared to $2.6 billion for the three months ended September 30, 2022, primarily due to a decrease of $665 million in current year catastrophe losses, partially offset by an increase of $288 million in current year attritional losses. The increase in current year attritional losses was mainly due to the impact of the increase in underlying exposures due to increased premiums earned. The current year catastrophe losses of $175 million for the three months ended September 30, 2023 related primarily to Hurricane Idalia ($42 million), the 2023 Morocco earthquake ($40 million), the 2023 Hawaii wildfire ($35 million), the 2023 Italy convective storm ($28 million), the 2023 3rd quarter U.S. storms ($20 million) and the 2023 Hans windstorm ($10 million). The $840 million of current year catastrophe losses for the three months ended September 30, 2022 related primarily to Hurricane Ian ($700 million), the 2022 Western Europe hailstorms ($75 million), Hurricane Fiona ($25 million), Typhoon Nanmadol ($20 million) and the 2022 Western Europe convective storm ($20 million).

Incurred losses and LAE decreased by 1.9% to $6.2 billion for the nine months ended September 30, 2023, compared to $6.3 billion for the nine months ended September 30, 2022, primarily due to a decrease of $723 million in current year catastrophe losses, partially offset by an increase of $604 million in current year attritional losses. The increase in current year attritional losses was mainly due to the impact of the increase in underlying exposures due to increased premiums earned. The current year catastrophe losses of $317 million for the nine months ended September 30, 2023 related primarily to the 2023 Turkey earthquakes ($95 million) the 2023 New Zealand storms ($46 million), Hurricane Idalia ($42 million), the 2023 Morocco earthquake ($40 million), the 2023 Hawaii wildfire ($35 million), the 2023 Italy convective storm ($28 million), the 2023 3rd quarter U.S. storms ($20 million), Typhoon Mawar ($11 million) and the 2023 Hans windstorm ($10 million). The $1.0 billion of current year catastrophe losses for the nine months ended September 30, 2022 related primarily to Hurricane Ian ($700 million), the 2022 Australia floods ($85 million), the 2022 Western Europe hailstorms ($75 million), the 2022 South Africa flood ($45 million), the 2022 Western Europe convective storm ($30 million), Hurricane Fiona ($25 million), the 2022 European storms ($21 million), Typhoon Nanmadol ($20 million), the 2022 Canada derecho ($18 million), the 2022 2nd quarter U.S. storms ($12 million), and the 2022 March U.S. storms ($8 million).

Catastrophe losses and loss expenses typically have a material effect on our incurred losses and LAE results and can vary significantly from period to period. Losses from natural catastrophes contributed 5.0 percentage points to the combined ratio for the three months ended September 30, 2023, compared with 27.4 percentage points in the same period of 2022, and 3.2 percentage points to the combined ratio for the nine months ended September 30, 2023, compared with 11.9 percentage points in the corresponding period of 2022. The Company has up to $350 million of a CAT Bond that attaches at a $48.1 billion PCS Industry loss threshold. This recovery would be recognized on a pro-rata basis up to a $63.8 billion PCS Industry loss level. PCS's current industry estimate of $48.4 billion exceeds the attachment point. The current recoverables under the CAT Bond, included in the Company's financial results, are estimated to be $20 million, subject to further revision of the industry loss estimate. In addition to the recoverables under the CAT Bond, the Company has additional reinsurance agreements in place resulting in a total of $50 million current reinsurance recoverables related to Hurricane Ian.

Commission, Brokerage, Taxes and Fees. Commission, brokerage, taxes and fees increased by 17.2% to $752 million for the three months ended September 30, 2023, compared to $641 million for the three months ended September 30, 2022. Commission, brokerage, taxes and fees increased by 11.8% to $2.1 billion for the nine months ended September 30, 2023, compared to $1.9 billion for the nine months ended September 30, 2022. The increases were primarily due to the impact of the increase in premiums earned and changes in the mix of business.

Other Underwriting Expenses. Other underwriting expenses were $215 million and $169 million for the three months ended September 30, 2023 and 2022, respectively. Other underwriting expenses were $620 million and $500 million for the nine months ended September 30, 2023 and 2022, respectively. The increases in other underwriting expenses were mainly due to the impact of the increases in premiums earned as well as the continued build out of our insurance operations, including an expansion of the international insurance platform.

Corporate Expenses. Corporate expenses, which are general operating expenses that are not allocated to segments, were $19 million and $16 million for the three months ended September 30, 2023 and 2022, respectively, and $55 million and $45 million for the nine months ended September 30, 2023 and 2022, respectively. The increase in Corporate expenses for both the three and nine month periods are primarily due to employee compensation-related expenses.

Interest, Fees and Bond Issue Cost Amortization Expense. Interest, fees and other bond amortization expense was $34 million and $25 million for the three months ended September 30, 2023 and 2022, respectively. Interest, fees and other bond amortization expense was $99 million and $74 million for the nine months ended September 30, 2023 and 2022, respectively. The increases were mainly due to higher interest costs on the FHLBNY borrowing as a result of the rising interest rate environment. Interest expense was also impacted by the movements in the floating interest rate related to the Company's long-term Subordinated Notes Issued 2007, which is reset quarterly per the note agreement. The floating rate was 8.01% as of September 30, 2023.

Income Tax Expense (Benefit). We had income tax expense of $47 million and income tax benefit of $82 million for the three months ended September 30, 2023 and 2022, respectively. We had income tax expense of $169 million and income tax benefit of $81 million for the nine months ended September 30, 2023 and 2022, respectively. Income tax expense is primarily a function of the geographic location of the Company's pre-tax income and the statutory tax rates in those jurisdictions. The effective tax rate ("ETR") is primarily affected by tax-exempt investment income, foreign tax credits and dividends. Variations in the ETR generally result from changes in the relative levels of pre-tax income, including the impact of catastrophe losses and net capital gains (losses), among jurisdictions with different tax rates.

On August 16, 2022, the Inflation Reduction Act ("IRA") was enacted. We have evaluated the tax provisions of the IRA, the most significant of which are the corporate alternative minimum tax and the share repurchase excise tax and do not expect the legislation to have a material impact on our results of operations. As the IRS issues additional guidance, we will evaluate any impact to our consolidated financial statements.

Net Income (Loss).

Our net income was $678 million and our net loss was $319 million for the three months ended September 30, 2023 and 2022, respectively. Our net income was $1.7 billion and $101 million for the nine months ended September 30, 2023 and 2022, respectively. These changes were primarily driven by the financial component fluctuations explained above.

Ratios.

Our combined ratio decreased by 20.5 points to 91.4% for the three months ended September 30, 2023, compared to 112.0% for the three months ended September 30, 2022 and decreased by 8.6 points to 90.1% for the nine months ended September 30, 2023, compared to 98.8% for the nine months ended September 30, 2022. The loss ratio component decreased by 21.6 points for the three months ended September 30, 2023 over the corresponding period last year primarily due to a decline of $665 million in current year catastrophe losses. The loss ratio component decreased by 9.1 points for the nine months ended September 30, 2022 over the corresponding period last year primarily due to a decline of $723 million in current year catastrophe losses and no losses from the war in the Ukraine. The commission and brokerage ratio components increased to 21.4% for the three months ended September 30, 2023 compared to 20.9% for the three months ended September 30, 2022 and decreased slightly to 21.3% for the nine months ended September 30, 2023 compared to 21.4% for the nine months ended September 30, 2022. These changes were mainly due to changes in the mix of business. The other underwriting expense ratios increased to 6.1% for the three months ended September 30, 2023 compared to 5.5% for the three months ended September 30, 2022 and increased to 6.3% for the nine months ended September 30, 2023 compared to 5.7% for the nine months ended September 30, 2022. These increases were mainly due to insurance operations costs associated with the continued build out of the insurance platform.

Shareholders' Equity.

Shareholders' equity increased by $2.8 billion to $11.2 billion at September 30, 2023 from $8.4 billion at December 31, 2022, principally as a result of $1.4 billion from a public offering of shares and $1.7 billion of net income, partially offset by $212 million of shareholder dividends, $(159) million of unrealized depreciation on available for sale fixed maturity portfolio net of tax and $(17) million of net foreign currency translation adjustments.

Consolidated Investment Results

Net Investment Income.

Net investment income increased to $406 million for the three months ended September 30, 2023, compared with net investment income of $151 million for the three months ended September 30, 2022. The increase for the three months ended September 30, 2023 was primarily the result of an increase of $113 million of income from fixed maturity investments and an increase of $36 million from short-term investments due to the rising interest rate environment as well as an increase of $102 million in limited partnership income. Net investment income increased by 64.9% to $1.0 billion for the nine months ended September 30, 2023, compared with investment income of $620 million for the nine months ended September 30, 2022. The increase for the nine months ended September 30, 2023 was primarily the result of an increase of $319 million in income from fixed maturity investments and an increase of $80 million in income from short-term investments due to the rising interest rate environment, as well as an increase of $4 million in limited partnership income. Accordingly, until these asset values are monetized and the resultant income is distributed, they are subject to future increases or decreases in the asset value, and the results may be volatile.

The following table shows the components of net investment income for the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	2023	2022	2023	2022
Fixed maturities	$ 299	$ 186	$ 822	$ 503
Equity securities	1	6	3	15
Short-term investments and cash	41	5	92	12
Other invested assets				
Limited partnerships	60	(42)	98	94
Other	15	11	42	37
Gross investment income before adjustments	416	167	1,056	661
Funds held interest income (expense)	5	—	7	4
Future policy benefit reserve income (expense)	—	—	(1)	—
Gross investment income	420	167	1,063	665
Investment expenses	14	15	41	45
Net investment income	$ 406	$ 151	$ 1,023	$ 620

(Some amounts may not reconcile due to rounding.)

The following table shows a comparison of various investment yields for the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Annualized pre-tax yield on average cash and invested assets	4.5 %	2.0 %	4.0 %	2.8 %
Annualized after-tax yield on average cash and invested assets	3.9 %	1.7 %	3.5 %	2.4 %
Annualized return on invested assets	4.2 %	0.3 %	3.9 %	0.5 %

Net Gains (Losses) on Investments.

The following table presents the composition of our net gains (losses) on investments for the periods indicated.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollars in millions)	2023	2022	Variance	2023	2022	Variance
Realized gains (losses) from dispositions:						
Fixed maturity securities - available for sale						
Gains	$ 4	$ 5	$ (1)	$ 21	$ 33	(12)
Losses	(23)	(58)	35	(42)	(98)	56
Total	(19)	(53)	34	(21)	(66)	45
Equity securities						
Gains	2	60	(58)	8	67	(59)
Losses	—	(2)	2	—	(53)	52
Total	1	58	(56)	8	15	(7)
Other Invested Assets						
Gains	—	7	(7)	—	15	(15)
Losses	—	(1)	1	—	(4)	4
Total	—	6	(6)	—	11	(11)
Short-Term Investments						
Gains	—	1	(1)	1	1	—
Losses	—	—	—	—	—	—
Total	—	1	(1)	—	1	(1)
Total net realized gains (losses) from dispositions						
Gains	6	73	(67)	30	116	(86)
Losses	(24)	(62)	38	(42)	(155)	113
Total	(18)	12	(29)	(12)	(40)	27
Allowance for credit losses	2	(5)	7	(6)	(18)	12
Gains (losses) from fair value adjustments						
Equity securities	(16)	(136)	120	(3)	(462)	458
Total	(16)	(136)	120	(3)	(462)	458
Total net gains (losses) on investments	$ (31)	$ (129)	$ 98	$ (21)	$ (519)	$ 498

(Some amounts may not reconcile due to rounding.)

Net gains (losses) on investments during the three months ended September 30, 2023 primarily related to net losses from fair value adjustments on equity securities in the amount of $16 million as a result of equity market deterioration and $18 million of net losses due to the disposition of investments, partially offset by $2 million of reduction in allowances for credit losses during the quarter.

Net gains (losses) on investments during the nine months ended September 30, 2023 primarily related to net losses from fair value adjustments on equity securities in the amount of $3 million as a result of equity market deterioration, $12 million of net losses due to the disposition of investments and an increase to the allowance for credit losses of $6 million.

Segment Results.

The Company manages its reinsurance and insurance operations as autonomous units, and key strategic decisions are based on the aggregate operating results and projections for these segments of business.

The Reinsurance operation writes worldwide property and casualty reinsurance and specialty lines of business, on both a treaty and facultative basis, through reinsurance brokers, as well as directly with ceding companies. We write reinsurance business from entities chartered in the U.S., Bermuda, and Ireland, as well as through branches of those entities established in Canada, Singapore, the United Kingdom and Switzerland. The Insurance operation writes property and casualty insurance directly and through brokers, surplus lines brokers and general agents within the U.S., Bermuda, Canada, Europe, Singapore and South America through its offices in the U.S., Bermuda, Canada, Chile, Singapore, the United Kingdom, Ireland and branches located in the Netherlands, France, Germany and Spain.

These segments are managed independently, but conform with corporate guidelines with respect to pricing, risk management, control of aggregate catastrophe exposures, capital, investments and support operations. Management generally monitors and evaluates the financial performance of these operating segments based upon their underwriting results.

Underwriting results include earned premium less LAE incurred, commission and brokerage expenses and other underwriting expenses. We measure our underwriting results using ratios, in particular loss, commission and brokerage and other underwriting expense ratios, which, respectively, result from dividing incurred losses, commissions and brokerage and other underwriting expenses by premiums earned.

The Company does not maintain separate balance sheet data for its operating segments. Accordingly, the Company does not review and evaluate the financial results of its operating segments based upon balance sheet data.

Our loss and LAE reserves are management's best estimate of our ultimate liability for unpaid claims. We re-evaluate our estimates on an ongoing basis, including all prior period reserves, taking into consideration all available information, and in particular, recently reported loss claim experience and trends related to prior periods. Such re-evaluations are recorded in incurred losses in the period in which re-evaluation is made.

The following discusses the underwriting results for each of our segments for the periods indicated.

Reinsurance.

The following table presents the underwriting results and ratios for the Reinsurance segment for the periods indicated.

	Three Months Ended September 30,				Nine Months Ended September 30,			
(Dollars in millions)	2023	2022	Variance	% Change	2023	2022	Variance	% Change
Gross written premiums	$ 3,219	$ 2,551	$ 668	26.2 %	$ 8,622	$ 6,938	$ 1,685	24.3 %
Net written premiums	3,008	2,460	548	22.3 %	8,101	6,664	1,437	21.6 %
Premiums earned	$ 2,612	$ 2,245	$ 367	16.4 %	$ 7,236	$ 6,451	$ 785	12.2 %
Incurred losses and LAE	1,665	1,992	(327)	(16.4)%	4,477	4,699	(222)	(4.7)%
Commission and brokerage	648	537	111	20.6 %	1,791	1,582	209	13.2 %
Other underwriting expenses	65	54	11	21.0 %	190	156	34	21.6 %
Underwriting gain (loss)	$ 234	$ (338)	$ 572	(169.3)%	$ 778	$ 14	$ 765	NM
				Point Chg				Point Chg
Loss ratio	63.7 %	88.7 %		(25.0)	61.9 %	72.8 %		(10.9)
Commission and brokerage ratio	24.8 %	23.9 %		0.9	24.8 %	24.5 %		0.3
Other underwriting expense ratio	2.5 %	2.4 %		0.1	2.6 %	2.4 %		0.2
Combined ratio	91.0 %	115.0 %		(24.0)	89.2 %	99.8 %		(10.6)

(NM, Not Meaningful)
(Some amounts may not reconcile due to rounding.)

Premiums. Gross written premiums increased by 26.2% to $3.2 billion for the three months ended September 30, 2023 from $2.6 billion for the three months ended September 30, 2022, due to increases across all lines of business, particularly property pro rata business, casualty pro rata business and casualty excess of loss business. Net written premiums increased by 22.3% to $3.0 billion for the three months ended September 30, 2023, compared to $2.5 billion for the three months ended September 30, 2022, which is consistent with the percentage change in gross written premiums. Premiums earned generally reflect the portion of net premiums written that was recorded as revenues for the period as the exposure periods expire. Premiums earned increased by 16.4% to $2.6 billion for the three months ended September 30, 2023, compared to $2.2 billion for the three months ended September 30, 2022.

Gross written premiums increased by 24.3% to $8.6 billion for the nine months ended September 30, 2023 from $6.9 billion for the nine months ended September 30, 2022, due to increases across all lines of business, particularly property pro rata business and casualty pro rata business. Net written premiums increased by 21.6% to $8.1 billion for the nine months ended September 30, 2023 compared to $6.7 billion for the nine months ended September 30, 2022. The increase was consistent with the percentage increase in gross written premiums. Premiums earned generally reflect the portion of net premiums written that was recorded as revenues for the period as the exposure periods expire. Premiums earned increased by 12.2% to $7.2 billion for the nine months ended September 30, 2023, compared to $6.5 billion for the nine months ended September 30, 2022.

Incurred Losses and LAE. The following tables present the incurred losses and LAE for the Reinsurance segment for the periods indicated.

	Three Months Ended September 30,					
(Dollars in millions)	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2023						
Attritional	$ 1,500	57.4 %	$ —	— %	1,500	57.4 %
Catastrophes	165	6.3 %	—	— %	165	6.3 %
Total Segment	$ 1,665	63.7 %	$ —	— %	$ 1,665	63.7 %
2022						
Attritional	$ 1,262	56.2 %	$ —	— %	1,262	56.2 %
Catastrophes	730	32.5 %	—	— %	730	32.5 %
Total Segment	$ 1,992	88.7 %	$ —	— %	$ 1,992	88.7 %
Variance 2023/2022						
Attritional	$ 238	1.2 pts	$ —	— pts	$ 238	1.2 pts
Catastrophes	(565)	(26.2) pts	—	— pts	(565)	(26.2) pts
Total Segment	$ (327)	(25.0) pts	$ —	— pts	$ (327)	(25.0) pts

	Nine Months Ended September 30,					
(Dollars in millions)	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2023						
Attritional	$ 4,171	57.6 %	$ —	— %	4,171	57.6 %
Catastrophes	305	4.2 %	—	— %	305	4.2 %
Total Segment	$ 4,477	61.9 %	$ —	— %	$ 4,477	61.9 %
2022						
Attritional	$ 3,781	58.6 %	$ (2)	— %	3,779	58.6 %
Catastrophes	920	14.3 %	—	— %	920	14.3 %
Total Segment	$ 4,701	72.9 %	$ (2)	— %	$ 4,699	72.8 %
Variance 2023/2022						
Attritional	$ 390	(1.0) pts	$ 2	— pts	$ 392	(0.9) pts
Catastrophes	$ (615)	(10.0) pts	—	— pts	(615)	(10.0) pts
Total Segment	$ (225)	(11.0) pts	$ 2	— pts	$ (222)	(10.9) pts

(Some amounts may not reconcile due to rounding.)

Incurred losses decreased by 16.4% to $1.7 billion for the three months ended September 30, 2023, compared to $2.0 billion for the three months ended September 30, 2022. The decrease was primarily due to a decrease of $565 million in current year catastrophe losses, partially offset by an increase of $238 million in current year attritional losses. The increase in current year attritional losses was mainly related to the impact of the increase in premiums earned. The current year catastrophe losses of $165 million for the three months ended September 30, 2023 related primarily to Hurricane Idalia ($42 million), the 2023 Morocco earthquake ($40 million), the Hawaii wildfire ($30 million), the 2023 Italy convective storm ($28 million), the 3rd quarter 2023 U.S. storms ($15 million) and the 2023 Windstorm Hans ($10 million). The $730 million of current year catastrophe losses for the three months ended September 30, 2022 related primarily to Hurricane Ian ($600 million), the Western Europe hailstorms ($70 million), Typhoon Nanmadol ($20 million), Hurricane Fiona ($20 million) and the 2022 Western Europe convective storm ($20 million).

Incurred losses decreased by 4.7% to $4.5 billion for the nine months ended September 30, 2023, compared to $4.7 billion for the nine months ended September 30, 2022. The decrease was primarily due to a decrease of $615 million in current year catastrophe losses, partially offset by an increase of $390 million in current year attritional losses. The increase in current year attritional losses was mainly related to the impact of the increase in premiums earned. The current year catastrophe losses of $305 million for the nine months ended September 30, 2023 related primarily to the 2023 Turkey earthquakes ($95 million), the 2023 New Zealand storms ($44 million), Hurricane Idalia ($42 million), the 2023 Morocco earthquake ($40 million), the 2023 Hawaii wildfire ($30 million), the 2023 Italy convective storm ($28 million), the 2023 3rd quarter U.S. storms ($20 million), Typhoon Mawar ($11 million) and the 2023 Hans windstorm ($10 million). The $920 million of current year catastrophe losses for the nine months ended September 30, 2022 related primarily to Hurricane Ian ($600 million), the 2022 Australia floods ($85 million), the Western Europe hailstorms ($70 million), the 2022 South Africa flood ($45 million), the 2022 Western Europe convective storm ($30 million), the 2022 European storms ($21 million), Typhoon Nanmadol ($20 million), Hurricane Fiona ($20 million), the 2022 Canada derecho ($18 million), the 2022 2nd quarter U.S. storms ($7 million) and the 2022 March U.S. storms ($4 million).

Segment Expenses. Commission and brokerage expense increased by 20.6% to $648 million for the three months ended September 30, 2023, compared to $537 million for the three months ended September 30, 2022. Commission and brokerage expense increased by 13.2% to $1.8 billion for the nine months ended September 30, 2023, compared to $1.6 billion for the nine months ended September 30, 2022. The increases were mainly due to the impact of the increase in premiums earned and changes in the mix of business.

Segment other underwriting expenses increased to $65 million for the three months ended September 30, 2023 from $54 million for the three months ended September 30, 2022. Segment other underwriting expenses increased to $190 million for the nine months ended September 30, 2023 from $156 million for the nine months ended September 30, 2022. The increases were mainly due to the increase in written premium attributable to the planned expansion of the business.

Insurance.

The following table presents the underwriting results and ratios for the Insurance segment for the periods indicated.

	Three Months Ended September 30,				Nine Months Ended September 30,			
(Dollars in millions)	2023	2022	Variance	% Change	2023	2022	Variance	% Change
Gross written premiums	$ 1,172	$ 1,129	$ 43	3.8 %	$ 3,692	$ 3,376	$ 316	9.4 %
Net written premiums	858	862	(4)	(0.4)%	2,768	2,492	276	11.1 %
Premiums earned	$ 901	$ 822	$ 79	9.6 %	$ 2,629	$ 2,324	$ 305	13.1 %
Incurred losses and LAE	581	631	(50)	(8.0)%	1,696	1,591	106	6.6 %
Commission and brokerage	104	104	(1)	(0.5)%	307	295	13	4.3 %
Other underwriting expenses	150	115	35	30.1 %	430	344	86	25.0 %
Underwriting gain (loss)	$ 66	$ (29)	$ 95	NM	$ 196	$ 95	$ 100	NM
				Point Chg				Point Chg
Loss ratio	64.4 %	76.8 %		(12.4)	64.5 %	68.4 %		(3.9)
Commission and brokerage ratio	11.5 %	12.7 %		(1.2)	11.7 %	12.7 %		(1.0)
Other underwriting expense ratio	16.7 %	14.0 %		2.7	16.3 %	14.8 %		1.5
Combined ratio	92.6 %	103.5 %		(10.9)	92.6 %	95.9 %		(3.3)

(NM not meaningful)

(Some amounts may not reconcile due to rounding.)

Premiums. Gross written premiums increased by 3.8% to $1.2 billion for the three months ended September 30, 2023 compared to $1.1 billion for the three months ended September 30, 2022. The increase in insurance premiums was primarily due to increases in property/short tail business and other specialty lines of business, partially offset by lower written premiums in monoline workers' compensation and financial lines. Net written premiums decreased by 0.4% to $0.9 billion for the three months ended September 30, 2023, compared to $862 million for the three months ended September 30, 2022. The lower percentage change in net written premiums compared to gross written premiums is due to lower net retention resulting from changes in the mix of business. Premiums earned increased by 9.6% to $901 million for the three months ended September 30, 2023, compared to $822 million for the three months ended September 30, 2022.

Gross written premiums increased by 9.4% to $3.7 billion for the nine months ended September 30, 2023, compared to $3.4 billion for the nine months ended September 30, 2022. The increase in insurance premiums was primarily due to increases in property/short tail business, other specialty lines of business and specialty casualty business. Net written premiums increased by 11.1% to $2.8 billion for the nine months ended September 30, 2023, compared to $2.5 billion for the nine months ended September 30, 2022. The higher percentage increase in net written premiums compared to gross written premiums was mainly due to higher net retention resulting from changes in the mix of business. Premiums earned increased by 13.1% to $2.6 billion for the nine months ended September 30, 2023, compared to $2.3 billion for the nine months ended September 30, 2022. The change in premiums earned relative to net written premiums is the result of timing; premiums are earned ratably over the coverage period, whereas written premiums are recorded at the initiation of the coverage period.

Incurred Losses and LAE. The following tables present the incurred losses and LAE for the Insurance segment for the periods indicated.

	Three Months Ended September 30,					
(Dollars in millions)	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2023						
Attritional	$ 571	63.3 %	$ —	— %	571	63.3 %
Catastrophes	10	1.1 %	—	— %	10	1.1 %
Total Segment	$ 581	64.4 %	$ —	— %	$ 581	64.4 %
2022						
Attritional	$ 521	63.4 %	$ —	— %	521	63.4 %
Catastrophes	110	13.4 %	—	— %	110	13.4 %
Total Segment	$ 631	76.8 %	$ —	— %	$ 631	76.8 %
Variance 2023/2022						
Attritional	$ 50	(0.1) pts	$ —	— pts	$ 50	(0.1) pts
Catastrophes	(100)	(12.3) pts	—	— pts	(100)	(12.3) pts
Total Segment	$ (50)	(12.3) pts	$ —	— pts	$ (50)	(12.4) pts

	Nine Months Ended September 30,					
(Dollars in millions)	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2023						
Attritional	$ 1,684	64.1 %	$ —	— %	1,684	64.1 %
Catastrophes	12	0.5 %	—	— %	12	0.5 %
Total Segment	$ 1,696	64.5 %	$ —	— %	$ 1,696	64.5 %
2022						
Attritional	$ 1,470	63.2 %	$ 1	— %	1,471	63.3 %
Catastrophes	120	5.2 %	—	— %	120	5.2 %
Total Segment	$ 1,590	68.4 %	$ 1	— %	$ 1,591	68.4 %
Variance 2023/2022						
Attritional	$ 214	0.8 pts	$ (1)	— pts	214	0.8 pts
Catastrophes	(108)	(4.7) pts	—	— pts	(108)	(4.7) pts
Total Segment	$ 106	(3.9) pts	$ (1)	— pts	$ 106	(3.9) pts

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE decreased by 8.0% to $581 million for the three months ended September 30, 2023, compared to $631 million for the three months ended September 30, 2022. The decrease was mainly due to a decrease of $100 million in current year catastrophe losses, partially offset by an increase of $50 million in current year attritional losses.

The increase in current year attritional losses was primarily due to the impact of the increase in premiums earned and changes in mix of business. The $10 million of current year catastrophe losses for the three months ended September 30, 2023 related to the 2023 3rd quarter U.S. storms ($5 million) and the 2023 Hawaii wildfire ($5 million). The $110 million of current year catastrophe losses for the three months ended September 30, 2022 related to Hurricane Ian ($100 million), Hurricane Fiona ($5 million) and the Western Europe hailstorms ($5 million).

Incurred losses and LAE increased by 6.6% to $1.7 billion for the nine months ended September 30, 2023, compared to $1.6 billion for the nine months ended September 30, 2022. The increase was mainly due to an increase of $214 million in current year attritional losses, partially offset by a decrease in current year catastrophe losses of $108 million. The increase in current year attritional losses was primarily due to the impact of the increase in premiums earned and changes in mix of business and to a one-time premium adjustment, which reduced net premiums written and net premiums earned by approximately $6 million. The current year catastrophe losses of $12 million for the nine months ended September 30, 2023 related to the 2023 3rd quarter U.S. storms ($5 million), the 2023 Hawaii wildfire ($5 million) and the 2023 New Zealand storms ($2 million). The $120 million of current year catastrophe losses for the nine months ended September 30, 2022 related to Hurricane Ian ($100 million), Hurricane Fiona ($5 million), the Western Europe hailstorms ($5 million), the 2022 March U.S. storms ($5 million) and the 2022 2nd quarter U.S. storms ($5 million).

Segment Expenses. Commission and brokerage expenses remained flat at $104 million for both the three months ended September 30, 2023 and the three months ended September 30, 2022. Commission and brokerage expenses increased by 4.3% to $307 million for the nine months ended September 30, 2023, compared to $295 million for the nine months ended September 30, 2022. The nine month increase was mainly due to the impact of the increase in premiums earned and increased expenses related to the continued build out of the insurance business, including an expansion of the international insurance platform.

Segment other underwriting expenses increased to $150 million for the three months ended September 30, 2023, compared to $115 million for the three months ended September 30, 2022. Segment other underwriting expenses increased to $430 million for the nine months ended September 30, 2023, compared to $344 million for the nine months ended September 30, 2022. These increases were mainly due to the impact of the increase in premiums earned and increased expenses related to the continued build out of the insurance business, including an expansion of the international insurance platform.

FINANCIAL CONDITION

Investments. Total investments were $32.9 billion at September 30, 2023, an increase of $4.4 billion compared to $28.5 billion at December 31, 2022. The rise in investments was primarily related to an increase in fixed maturities - available for sale due to an overall net purchase of $3.2 billion of fixed maturities - available for sale during the three quarters of 2023.

The Company's limited partnership investments are comprised of limited partnerships that invest in private equity, private credit and private real estate. Generally, the limited partnerships are reported on a month or quarter lag. We receive annual audited financial statements for all the limited partnerships, which are prepared using fair value accounting in accordance with FASB guidance. For the quarterly reports, the Company reviews the financial reports for any unusual changes in carrying value. If the Company becomes aware of a significant decline in value during the lag reporting period, the loss will be recorded in the period in which the Company identifies the decline.

The table below summarizes the composition and characteristics of our investment portfolio for the periods indicated.

	At September 30, 2023	At December 31, 2022
Fixed income portfolio duration (years)	2.7	3.1
Fixed income composite credit quality	AA-	A+

Reinsurance Recoverables.

Reinsurance recoverables for both paid and unpaid losses totaled $2.4 billion and $2.2 billion at September 30, 2023 and December 31, 2022, respectively. At September 30, 2023, $461 million, or 19.1%, was receivable from Mt. Logan Re collateralized segregated accounts; $251 million, or 10.4%, was receivable from Munich Reinsurance America, Inc. and $171 million, or 7.1% was receivable from Endurance Specialty Holdings, Ltd. No other retrocessionaire accounted for more than 5% of our recoverables.

Loss and LAE Reserves. Gross loss and LAE reserves totaled $23.8 billion and $22.1 billion at September 30, 2023 and December 31, 2022, respectively.

The following tables summarize gross outstanding loss and LAE reserves by segment, classified by case reserves and IBNR reserves, for the periods indicated.

	At September 30, 2023			
(Dollars in millions)	Case Reserves	IBNR Reserves	Total Reserves	% of Total
Reinsurance	$ 6,147	$ 10,961	$ 17,107	71.8 %
Insurance	1,989	4,481	6,470	27.1 %
Total excluding A&E	8,136	15,442	23,578	98.9 %
A&E	143	112	255	1.1 %
Total including A&E	$ 8,279	$ 15,554	$ 23,833	100.0 %

(Some amounts may not reconcile due to rounding.)

	At December 31, 2022			
(Dollars in millions)	Case Reserves	IBNR Reserves	Total Reserves	% of Total
Reinsurance	$ 6,045	$ 9,818	$ 15,862	71.9 %
Insurance	1,863	4,062	5,925	26.9 %
Total excluding A&E	7,908	13,880	21,787	98.7 %
A&E	138	140	278	1.3 %
Total including A&E	$ 8,046	$ 14,019	$ 22,065	100.0 %

(Some amounts may not reconcile due to rounding.)

Changes in premiums earned and business mix, reserve re-estimations, catastrophe losses and changes in catastrophe loss reserves and claim settlement activity all impact loss and LAE reserves by segment and in total.

Our carried loss and LAE reserves represent management's best estimate of our ultimate liability for unpaid claims. We continuously re-evaluate our reserves, including re-estimates of prior period reserves, taking into consideration all available information and, in particular, newly reported loss and claim experience. Changes in reserves resulting from such re-evaluations are reflected in incurred losses in the period when the re-evaluation is made. Our analytical methods and processes operate at multiple levels, including individual contracts, groupings of like contracts, classes and lines of business, internal business units, segments, accident years, legal entities, and in the aggregate. In order to set appropriate reserves, we make qualitative and quantitative analyses and judgments at these various levels. We utilize actuarial science, business expertise and management judgment in a manner intended to ensure the accuracy and consistency of our reserving practices. Management's best estimate is developed through collaboration with actuarial, underwriting, claims, legal and finance departments and culminates with the input of reserve committees. Each segment reserve committee includes the participation of the relevant parties from actuarial, finance, claims and segment senior management and has the responsibility for recommending and approving management's best estimate. Reserves are further reviewed by Everest's Chief Reserving Actuary and senior management. The objective of this process is to determine a single best estimate viewed by management to be the best estimate of its ultimate loss liability. Nevertheless, our reserves are estimates and are subject to variation, which may be significant.

There can be no assurance that reserves for, and losses from, claim obligations will not increase in the future, possibly by a material amount. However, we believe that our existing reserves and reserving methodologies lessen the probability that any such increase would have a material adverse effect on our financial condition, results of operations or cash flows.

Asbestos and Environmental Exposures. Asbestos and Environmental ("A&E") exposures represent a separate exposure group for monitoring and evaluating reserve adequacy. The following table summarizes the outstanding loss reserves with respect to A&E reserves on both a gross and net of retrocessions basis for the periods indicated.

(Dollars in millions)	At September 30, 2023	At December 31, 2022
Gross reserves	$ 255	$ 278
Ceded reserves	(15)	(21)
Net reserves	$ 240	$ 257

(Some amounts may not reconcile due to rounding.)

With respect to asbestos only, at September 30, 2023, we had net asbestos loss reserves of $218 million, or 90.7%, of total net A&E reserves, all of which was for assumed business.

Ultimate loss projections for A&E liabilities cannot be accomplished using standard actuarial techniques. We believe that our A&E reserves represent management's best estimate of the ultimate liability; however, there can be no assurance that ultimate loss payments will not exceed such reserves, perhaps by a significant amount.

Industry analysts use the "survival ratio" to compare the A&E reserves among companies with such liabilities. The survival ratio is typically calculated by dividing a company's current net reserves by the three-year average of annual paid losses. Hence, the survival ratio equals the number of years that it would take to exhaust the current reserves if future loss payments were to continue at historical levels. Using this measurement, our net three-year asbestos survival ratio was 6.8 years at September 30, 2023. These metrics can be skewed by individual large settlements occurring in the prior three years and therefore may not be indicative of the timing of future payments.

LIQUIDITY AND CAPITAL RESOURCES

Capital. Shareholders' equity at September 30, 2023 and December 31, 2022 was $11.2 billion and $8.4 billion, respectively. Management's objective in managing capital is to ensure its overall capital level, as well as the capital levels of its operating subsidiaries, exceed the amounts required by regulators, the amount needed to support our current financial strength ratings from rating agencies and our own economic capital models. The Company's capital has historically exceeded these benchmark levels.

Our two main operating companies, Bermuda Re and Everest Re, are regulated by the Bermuda Monetary Authority and the State of Delaware's Department of Insurance, respectively. Both regulatory bodies have their own capital adequacy models based on statutory capital as opposed to GAAP basis equity. Failure to meet the required statutory capital levels could result in various regulatory restrictions, including business activity and the payment of dividends to their parent companies.

The regulatory targeted capital and the actual statutory capital for Bermuda Re and Everest Re were as follows:

	Bermuda Re (1) At December 31,		Everest Re (2) At December 31,	
(Dollars in millions)	2022	2021	2022	2021
Regulatory targeted capital	$ 2,217	$ 2,169	$ 3,353	$ 2,960
Actual capital	$ 2,759	$ 3,184	$ 5,553	$ 5,717

(1) Regulatory targeted capital represents the target capital level from the applicable year's BSCR calculation.
(2) Regulatory targeted capital represents 200% of the RBC authorized control level calculation for the applicable year.

Our financial strength ratings as determined by A.M. Best, Standard & Poor's and Moody's are important as they provide our customers and investors with an independent assessment of our financial strength using a rating scale that provides for relative comparisons. We continue to possess significant financial flexibility and access to debt and equity markets as a result of our financial strength, as evidenced by the financial strength ratings as assigned by independent rating agencies.

We maintain our own economic capital models to monitor and project our overall capital, as well as the capital at our operating subsidiaries. A key input to the economic models is projected income, and this input is continually compared to actual results, which may require a change in the capital strategy.

During the first three quarters of 2023, we conducted no repurchases of our shares in the open market. We paid $212 million in dividends to adjust our capital position and enhance long-term expected returns to our shareholders. In 2022, we repurchased 241,273 shares for $61 million in the open market and paid $255 million in dividends. We may at times enter into a Rule 10b5-1 repurchase plan agreement to facilitate the repurchase of shares or conduct such repurchases under an arrangement that complies with the requirements of Rule 10b-18. On May 22, 2020, our existing Board authorization to purchase up to 30 million of our shares was amended to authorize the purchase of up to 32 million shares. As of September 30, 2023, we had repurchased 30.8 million shares under this authorization.

We may continue, from time to time, to seek to retire portions of our outstanding debt securities through cash repurchases, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will be subject to and depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved in any such transactions, individually or in the aggregate, may be material.

On May 19, 2023, the Company completed the public offering of 4,140,000 common shares, which includes full exercise of the underwriters' option to purchase an additional 540,000 common shares, at a public offering price of $360.00 per share. Total net proceeds from the public offering were $1,445 million, after underwriting discount and expenses. The Company intends to use the net proceeds from this offering for long-term reinsurance opportunity and continuing build out of the global insurance business.

Liquidity. Our liquidity requirements are generally met from positive cash flow from operations. Positive cash flow results from reinsurance and insurance premiums being collected prior to disbursements for claims, which disbursements generally take place over an extended period after the collection of premiums, sometimes a period of many years. Collected premiums are generally invested, prior to their use in such disbursements, and investment income provides additional funding for loss payments. Our net cash flows from operating activities were $3.5 billion and $2.7 billion for the nine months ended September 30, 2023 and 2022, respectively. Additionally, these cash flows reflected net catastrophe loss payments of $651 million and $534 million for the nine months ended September 30, 2023 and 2022, respectively, and net tax payments of $185 million and $167 million for the nine months ended September 30, 2023 and 2022, respectively.

If disbursements for losses and LAE, policy acquisition costs and other operating expenses were to exceed premium inflows, cash flow from reinsurance and insurance operations would be negative. The effect on cash flow from insurance operations would be partially offset by cash flow from investment income. Additionally, cash inflows from investment maturities of both short-term investments and longer term maturities are available to supplement other operating cash flows. We do not expect to supplement negative insurance operations cash flows with investment dispositions.

As the timing of payments for losses and LAE cannot be predicted with certainty, we maintain portfolios of long-term invested assets with varying maturities, along with short-term investments that provide additional liquidity for payment of claims. At September 30, 2023 and December 31, 2022, we held cash and short-term investments of $4.2 billion and $2.4 billion, respectively. Our short-term investments are generally readily marketable and can be converted to cash. In addition to these cash and short-term investments, at September 30, 2023, we had $1.6 billion of available for sale fixed maturity securities maturing within one year or less, $8.0 billion maturing within one to five years and $5.7 billion maturing after five years. We believe that these fixed maturity securities, in conjunction with the short-term investments and positive cash flow from operations, provide ample sources of liquidity for the expected payment of losses and LAE in the near future. We do not anticipate selling a significant amount of securities to pay losses and LAE. At September 30, 2023, we had $2.1 billion of net pre-tax unrealized depreciation related to fixed maturity - available for sale securities, comprised of $2.1 billion of pre-tax unrealized depreciation and $57 million of pre-tax unrealized appreciation.

Management generally expects annual positive cash flow from operations, which reflects the strength of overall pricing. However, given catastrophic events observed in recent periods, cash flow from operations may decline and could become negative in the near term as significant claim payments are made related to the catastrophes. However, as indicated above, the Company has ample liquidity to settle its catastrophe claims and/or any payments due for its catastrophe bond program.

In addition to our cash flows from operations and liquid investments, we also have multiple active credit facilities that provide commitments of up to $1.7 billion of collateralized standby letters of credit to support business written by our Bermuda operating subsidiaries. In addition, the Company has the ability to request access to an additional $240 million of uncommitted credit facilities, which would require approval from the applicable lender. There is no guarantee the uncommitted capacity will be available to us on a future date. See Note 7 – Credit Facilities for further details.

Market Sensitive Instruments.

The Securities and Exchange Commission's ("SEC") Financial Reporting Release #48 requires registrants to clarify and expand upon the existing financial statement disclosure requirements for derivative financial instruments, derivative commodity instruments and other financial instruments (collectively, "market sensitive instruments"). We do not generally enter into market sensitive instruments for trading purposes.

Our current investment strategy seeks to maximize after-tax income through a high quality, diversified, fixed maturity portfolio, while maintaining an adequate level of liquidity. Our mix of investments is adjusted periodically, consistent with our current and projected operating results and market conditions. The fixed maturity securities in the investment portfolio are comprised of non-trading securities. Additionally, we have invested in equity securities.

The overall investment strategy considers the scope of present and anticipated Company operations. In particular, estimates of the financial impact resulting from non-investment asset and liability transactions, together with our capital structure and other factors, are used to develop a net liability analysis. This analysis includes estimated payout characteristics for which our investments provide liquidity. This analysis is considered in the development of specific investment strategies for asset allocation, duration and credit quality. The change in overall market sensitive risk exposure principally reflects the asset changes that took place during the period.

Interest Rate Risk. Our $34.6 billion investment portfolio at September 30, 2023 is principally comprised of fixed maturity securities, which are generally subject to interest rate risk and some foreign currency exchange rate risk, and some equity securities, which are subject to price fluctuations and some foreign exchange rate risk. The overall economic impact of the foreign exchange risks on the investment portfolio is partially mitigated by changes in the dollar value of foreign currency denominated liabilities and their associated income statement impact.

Interest rate risk is the potential change in value of the fixed maturity securities portfolio, including short-term investments, from a change in market interest rates. In a declining interest rate environment, interest rate risk includes prepayment risk on the $4.5 billion of mortgage-backed securities in the $25.9 billion fixed maturity portfolio. Prepayment risk results from potential accelerated principal payments that shorten the average life and thus the expected yield of the security.

The table below displays the potential impact of market value fluctuations and after-tax unrealized appreciation on our fixed maturity portfolio (including $2.4 billion of short-term investments) for the period indicated based on upward and downward parallel and immediate 100 and 200 basis point shifts in interest rates. For legal entities with a U.S. dollar functional currency, this modeling was performed on each security individually. To generate appropriate price estimates on mortgage-backed securities, changes in prepayment expectations under different interest rate environments were taken into account. For legal entities with a non-U.S. dollar functional currency, the effective duration of the involved portfolio of securities was used as a proxy for the market value change under the various interest rate change scenarios.

	Impact of Interest Rate Shift in Basis Points At September 30, 2023				
	-200	-100	0	100	200
(Dollars in millions)					
Total Fair Value	$ 29,999	$ 29,175	$ 28,350	$ 27,526	$ 26,702
Fair Value Change from Base (%)	5.8 %	2.9 %	— %	(2.9)%	(5.8)%
Change in Unrealized Appreciation					
After-tax from Base ($)	$ 1,431	$ 715	$ —	$ (715)	$ (1,431)

We had $23.8 billion and $22.1 billion of gross reserves for losses and LAE as of September 30, 2023 and December 31, 2022, respectively. These amounts are recorded at their nominal value, as opposed to present value, which would reflect a discount adjustment to reflect the time value of money. Since losses are paid out over a period of time, the present value of the reserves is less than the nominal value. As interest rates rise, the present value of the reserves decreases and, conversely, as interest rates decline, the present value increases. These movements are the opposite of the interest rate impacts on the fair value of investments. While the difference between present value and nominal value is not reflected in our financial statements, our financial results will include investment income over time from the investment portfolio until the claims are paid. Our loss and loss reserve obligations have an expected duration of approximately 3.7 years, which is reasonably consistent with our fixed income portfolio. If we were to discount our loss and LAE reserves, net of ceded reserves, the discount would be approximately $4.2 billion resulting in a discounted reserve balance of approximately $17.4 billion, representing approximately 61.4% of the value of the fixed maturity investment portfolio funds.

Equity Risk. Equity risk is the potential change in fair value of the common stock, preferred stock and mutual fund portfolios arising from changing prices. Our equity investments consist of a diversified portfolio of individual securities and mutual funds, which invest principally in high quality common and preferred stocks that are traded on the major exchanges, and mutual fund investments in emerging market debt. The primary objective of the equity portfolio is to obtain greater total return relative to our core bonds over time through market appreciation and income.

The table below displays the impact on fair value and after-tax change in fair value of a 10% and 20% change in equity prices up and down for the period indicated.

	Impact of Percentage Change in Equity Fair Values At September 30, 2023				
(Dollars in millions)	-20%	-10%	0%	10%	20%
Fair Value of the Equity Portfolio	$ 133	$ 150	$ 166	$ 183	$ 199
After-tax Change in Fair Value	$ (28)	$ (14)	$ —	$ 14	$ 28

Foreign Currency Risk. Foreign currency risk is the potential change in value, income and cash flow arising from adverse changes in foreign currency exchange rates. Each of our non-U.S./Bermuda operations maintains capital in the currency of the country of its geographic location consistent with local regulatory guidelines. Each non-U.S. operation may conduct business in its local currency, as well as the currency of other countries in which it operates. The primary foreign currency exposures for these non-U.S. operations are the Canadian Dollar, the Singapore Dollar, the British Pound Sterling and the Euro. We mitigate foreign exchange exposure by generally matching the currency and duration of our assets to our corresponding operating liabilities. In accordance with FASB guidance, the impact on the fair value of available for sale fixed maturities due to changes in foreign currency exchange rates, in relation to functional currency, is reflected as part of other comprehensive income. Conversely, the impact of changes in foreign currency exchange rates, in relation to functional currency, on other assets and liabilities is reflected through net income as a component of other income (expense). In addition, we translate the assets, liabilities and income of non-U.S. dollar functional currency legal entities to the U.S. dollar. This translation amount is reported as a component of other comprehensive income.

Safe Harbor Disclosure.

This report 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 federal securities laws. In some cases, these statements can be identified by the use of forward-looking words such as “may”, “will”, “should”, “could”, “anticipate”, “estimate”, “expect”, “plan”, “believe”, “predict”, “potential” and “intend”. Forward-looking statements contained in this report include:

- the effects of catastrophic and pandemic events on our financial statements;
- estimates of our catastrophe exposure;
- information regarding our reserves for losses and LAE;
- our failure to accurately assess underwriting risk;
- decreases in pricing for property and casualty reinsurance and insurance;
- our ability to maintain our financial strength ratings;
- the failure of our insured, intermediaries and reinsurers to satisfy their obligations;
- our inability or failure to purchase reinsurance;
- consolidation of competitors, customers and insurance and reinsurance brokers;
- the effect on our business of the highly competitive nature of our industry, including the effect of new entrants to, competing products for and consolidation in the (re)insurance industry;
- our ability to retain our key executive officers and to attract or retain the executives and employees necessary to manage our business;
- the performance of our investment portfolio;
- our ability to determine any impairments taken on our investments;
- foreign currency exchange rate fluctuations;
- the effect of cybersecurity risks, including technology breaches or failure, on our business;
- the CARES Act;
- the impact of the Tax Cut and Jobs Act;
- the adequacy of capital in relation to regulatory required capital; and

- the ability of Everest Re, Holdings, Everest Underwriting Group (Ireland) Limited, Everest Dublin Insurance Holdings Limited (Ireland), Bermuda Re and Everest International Reinsurance, Ltd. to pay dividends.

Forward-looking statements only reflect our expectations and are not guarantees of performance. These statements involve risks, uncertainties and assumptions. Actual events or results may differ materially from our expectations. Important factors that could cause our actual events or results to be materially different from our expectations include those discussed under the caption ITEM 1A, "Risk Factors" in the Company's most recent 10-K filing. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Instruments. See "Liquidity and Capital Resources - Market Sensitive Instruments" in PART I – ITEM 2.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, our management carried out an evaluation, with the participation of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on their evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of our internal control over financial reporting to determine whether any changes occurred during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, there has been no such change during the quarter covered by this report.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of business, the Company is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine the Company's rights and obligations under insurance and reinsurance agreements. In some disputes, the Company seeks to enforce its rights under an agreement or to collect funds owing to it. In other matters, the Company is resisting attempts by others to collect funds or enforce alleged rights. These disputes arise from time to time and are ultimately resolved through both informal and formal means, including negotiated resolution, arbitration and litigation. In all such matters, the Company believes that its positions are legally and commercially reasonable. The Company considers the statuses of these proceedings when determining its reserves for unpaid loss and LAE.

Aside from litigation and arbitrations related to these insurance and reinsurance agreements, the Company is not a party to any other material litigation or arbitration.

ITEM 1A. RISK FACTORS

The following supplements the risk factors that could have a material impact on our results of operations or financial condition as described under "Risk Factors" in Item 1A of Part I of our 2022 Form 10-K.

If international tax laws change, our net income may be impacted.

The Organization for Economic Co-operation and Development ("OECD") and its member countries which includes the U.S., have been focusing for an extended period on issues related to the taxation of multinational corporations, such as the comprehensive plan set forth by the OECD to create an agreed set of international tax rules for preventing base erosion and profit shifting. Recently they agreed upon a broad framework for overhauling the taxation of multinational corporations that includes, among other things, profit reallocation rules and a 15% global minimum corporate income tax rate. These proposals, if implemented, could have an impact on our net income and effective tax rate. Group and/or various Group companies may be subject to additional income taxes, which would reduce our net income.

To date, the Government of Bermuda has issued two Public Consultation Papers ("PCP") regarding its intent to implement a corporate income tax ("CIT"), consistent with OECD global minimum tax rules. The proposal amongst other items would assess a 15% CIT applicable to Bermuda businesses that are part of Multinational Enterprise Groups with annual revenue of €750M or more. The Bermuda Government's current intention, as evidenced in the released PCPs, is to enact the CIT rules in the fourth quarter of 2023 which would be effective beginning in 2025. We have evaluated their proposal and are preparing for its intended effective date, including analyzing the tax accounting implications to be recorded as soon as December 31, 2023. As further guidance is published, we will continue to monitor the impact on the Company and will react accordingly.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities.

Issuer Purchases of Equity Securities				
	(a)	(b)	(c)	(d)
Period	Total Number of Shares (or Units) Purchased [2]	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs [1]
July 1 - 31, 2023	69	$ 349.72	—	1,228,908
August 1 - 31, 2023	—	$ —	—	1,228,908
September 1 - 30, 2023	6,934	$ 377.3661	—	1,228,908
Total	7,003	$ —	—	1,228,908

(1) On May 22, 2020, the Company's executive committee of the Board of Directors approved an amendment to the share repurchase program authorizing the Company and/or its subsidiary Holdings, to purchase up to a current aggregate of 32.0 million of the Company's shares (recognizing that the number of shares authorized for repurchase has been reduced by those shares that have already been purchased) in open market transactions, privately negotiated transactions or both. Currently, the Company and/or its subsidiary Holdings have repurchased 30.8 million of the Company's shares.

(2) Shares that have not been repurchased through a publicly announced plan or program consist of shares repurchased by the Company from employees in order to satisfy tax withholding obligations on vestings and/or settlements of share-based compensation awards.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Index

Exhibit No.	Description
10.3	Standby Letter of Credit, dated August 18, 2023 between Everest Reinsurance (Bermuda), Ltd. and Lloyd’s Bank Corporate Markets Plc providing up to $250.0 million of unsecured letters of credit, filed herewith
31.1	Section 302 Certification of Juan C. Andrade
31.2	Section 302 Certification of Mark Kociancic
32.1	Section 906 Certification of Juan C. Andrade and Mark Kociancic
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Labels Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Everest Group, Ltd.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Everest Group, Ltd.
(Registrant)

/S/ MARK KOCIANCIC

Mark Kociancic
Executive Vice President and
Chief Financial Officer

(Duly Authorized Officer and Principal Financial Officer)

Dated: November 1, 2023