

EVEREST RE GROUP, LTD

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Form 10-Q

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no shares issued and outstanding	-	-
Common shares, par value: \$0.01; 200,000 shares authorized; (2015) 68,496 and (2014) 68,336 outstanding before treasury shares	685	683
Additional paid-in capital	2,073,977	2,068,807
Accumulated other comprehensive income (loss), net of deferred income tax expense		
(benefit) of \$32,751 at 2015 and \$20,715 at 2014	52,969	48,317
Treasury shares, at cost; 24,085 shares (2015) and 23,650 shares (2014)	(2,560,937)	(2,485,897)
Retained earnings	8,099,936	7,819,210
Total shareholders' equity attributable to Everest Re Group	7,666,630	7,451,120
TOTAL LIABILITIES, NONCONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY	\$ 21,267,287	\$ 20,817,824

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

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

(Dollars in thousands, except per share amounts)	Three Months Ended March 31,	
	2015	2014 (unaudited)
REVENUES:		
Premiums earned	\$ 1,307,077	\$ 1,144,490
Net investment income	122,583	123,157
Net realized capital gains (losses):		
Other-than-temporary impairments on fixed maturity securities	(26,018)	-
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	-	-
Other net realized capital gains (losses)	15,513	21,126
Total net realized capital gains (losses)	(10,505)	21,126
Net derivative gain (loss)	(242)	(1,661)
Other income (expense)	46,073	(3,296)
Total revenues	1,464,986	1,283,816
CLAIMS AND EXPENSES:		
Incurred losses and loss adjustment expenses	722,465	619,409
Commission, brokerage, taxes and fees	287,167	246,002
Other underwriting expenses	60,664	50,638
Corporate expenses	5,463	4,945
Interest, fees and bond issue cost amortization expense	8,990	7,568
Total claims and expenses	1,084,749	928,562
INCOME (LOSS) BEFORE TAXES	380,237	355,254
Income tax expense (benefit)	41,167	53,232
NET INCOME (LOSS)	\$ 339,070	\$ 302,022
Net (income) loss attributable to noncontrolling interests	(16,092)	(8,089)
NET INCOME (LOSS) ATTRIBUTABLE TO EVEREST RE GROUP	\$ 322,978	\$ 293,933
Other comprehensive income (loss), net of tax:		
Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period	83,205	53,471
Reclassification adjustment for realized losses (gains) included in net income (loss)	22,183	1,874
Total URA(D) on securities arising during the period	105,388	55,345
Foreign currency translation adjustments	(102,340)	(2,637)
Benefit plan actuarial net gain (loss) for the period	-	-
Reclassification adjustment for amortization of net (gain) loss included in net income (loss)	1,604	771
Total benefit plan net gain (loss) for the period	1,604	771

The net transfers from level 3, fair value measurements using significant unobservable inputs, of \$7,887 thousand and \$936 thousand of investments for the three months ended March 31, 2015 and 2014, respectively, primarily relate to securities that were priced using single non-binding broker quotes as of December 31, 2014 and 2013, respectively. The securities were subsequently priced using a recognized pricing service as of March 31, 2015 and 2014, and were classified as level 2 as of those dates.

The following table presents the activity under Level 3, fair value measurements using significant unobservable inputs for equity index put option contracts, for the periods indicated:

(Dollars in thousands)	Three Months Ended March 31,	
	2015	2014
Liabilities:		
Balance, beginning of period	\$ 47,022	\$ 35,423
Total (gains) or losses (realized/unrealized)		
Included in earnings	242	1,661
Included in other comprehensive income (loss)	-	-
Purchases, issuances and settlements	-	-
Transfers in and/or (out) of Level 3	-	-
Balance, end of period	\$ 47,264	\$ 37,083

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 liabilities still held at the reporting date	\$ -	\$ -
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(Some amounts may not reconcile due to rounding.)

6. REDEEMABLE NONCONTROLLING INTERESTS – MT. LOGAN RE

Mt. Logan Re is a Class 3 insurer registered in Bermuda effective February 27, 2013 under The Segregated Accounts Companies Act 2000 and 100% of the voting common shares are owned by Group. Separate segregated accounts have been established effective July 1, 2013 and non-voting, redeemable preferred shares have been issued to capitalize the segregated accounts. Each segregated account will invest in a diversified set of catastrophe exposures, diversified by risk/peril and across different geographic regions globally. The financial statements for Mt. Logan Re are consolidated with the Company with adjustments reflected for the third party noncontrolling interests reflected as separate captions in the Company's financial statements.

The following table presents the activity for redeemable noncontrolling interests in the consolidated balance sheets for the periods indicated:

(Dollars in thousands)	Three Months Ended March 31,	Twelve Months Ended December 31,
	2015	2014
Redeemable noncontrolling interests - Mt. Logan Re, beginning of period	\$ 421,552	\$ 93,378
Unaffiliated third party investments during period, net	196,848	279,200
Net income (loss) attributable to noncontrolling interests	16,092	59,307
Dividends paid on third party investment in redeemable noncontrolling interest	(30,896)	(10,334)

Redeemable noncontrolling interests - Mt. Logan Re, end of period	\$	603,595	\$	421,552
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(Some amounts may not reconcile due to rounding.)

In addition, the Company has invested \$50,000 thousand in the segregated accounts from inception to date.

The Company expects its participation level in the segregated funds to fluctuate over time.

outstanding debt by \$161,441 thousand.

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

(Dollars in thousands)	Three Months Ended	
	March 31,	
	2015	2014
Interest expense incurred	\$ 3,937	\$ 3,937

International.

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

(Dollars in millions)	Three Months Ended March 31,			
	2015	2014	Variance	% Change
Gross written premiums	\$ 318.4	\$ 321.2	\$ (2.8)	-0.9 %
Net written premiums	261.7	309.0	(47.3)	-15.3 %
Premiums earned	\$ 305.6	\$ 318.4	\$ (12.8)	-4.0 %
Incurred losses and LAE	179.7	163.2	16.5	10.1 %
Commission and brokerage	70.6	71.0	(0.4)	-0.5 %
Other underwriting expenses	8.1	7.8	0.3	3.5 %
Underwriting gain (loss)	\$ 47.2	\$ 76.4	\$ (29.2)	-38.2 %
				Point Chg
Loss ratio	58.8 %	51.3 %		7.5
Commission and brokerage ratio	23.1 %	22.3 %		0.8
Other underwriting expense ratio	2.7 %	2.4 %		0.3
Combined ratio	84.6 %	76.0 %		8.6

(Some amounts may not reconcile due to rounding.)

Premiums. Gross written premiums decreased by 0.9% to \$318.4 million for the three months ended March 31, 2015 compared to \$321.2 million for the three months ended March 31, 2014, primarily due to the negative impact of \$12.4 million from the movement of foreign exchange rates, partially offset by new quota share contracts. Net written premiums decreased by 15.3% to \$261.7 million for the three months ended March 31, 2015 compared to \$309.0 million for the three months ended March 31, 2014. The variance of the change in gross written premiums compared to the change in net written premiums is due to a higher utilization of reinsurance related to the new quota share contracts. Premiums earned decreased 4.0% to \$305.6 million for the three months ended March 31, 2015 compared to \$318.4 million for the three months ended March 31, 2014. The change in premiums earned relative to net written premiums is primarily the result of timing; premiums are earned ratably over the coverage period whereas written premiums are recorded at the initiation of the coverage period.

