

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2019

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

Commission file number 1-14527

EVEREST REINSURANCE HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

22-3263609
(I.R.S Employer
Identification No.)

477 Martinsville Road
Post Office Box 830
Liberty Corner, New Jersey 07938-0830
(908) 604-3000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)

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

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
4.868% Senior Notes Due 2044	NYSE
6.60% Long Term Notes Due 2067	NYSE

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

Yes 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

Indicate by check mark if the registrant is an emerging growth company and 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.

Yes No

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

Yes No

The aggregate market value on June 30, 2019, the last business day of the registrant's most recently completed second quarter, of the voting stock held by non-affiliates of the registrant was zero.

At March 15, 2020, the number of shares outstanding of the registrant common shares was 1,000, all of which are owned by Everest Underwriting Group (Ireland) Limited, a wholly-owned direct subsidiary of Everest Re Group, Ltd.

The Registrant meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this form with the reduced disclosure format permitted by General Instruction I of Form 10-K.

EVEREST REINSURANCE HOLDINGS, INC.

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PART I

Unless otherwise indicated, all financial data in this document have been prepared using accounting principles generally accepted in the United States of America ("GAAP"). As used in this document, "Holdings" means Everest Reinsurance Holdings, Inc., a Delaware company and direct subsidiary of Everest Underwriting Group (Ireland) Limited ("Holdings Ireland"); "Group" means Everest Re Group, Ltd. (Holdings Ireland's parent); "Bermuda Re" means Everest Reinsurance (Bermuda), Ltd., a subsidiary of Group; "Everest Re" means Everest Reinsurance Company and its subsidiaries, a subsidiary of Holdings (unless the context otherwise requires); and the "Company", "we", "us", and "our" means Holdings and its subsidiaries (unless the context otherwise requires).

ITEM 1. BUSINESS

The Company.

Holdings, a Delaware corporation, is a wholly-owned subsidiary of Holdings Ireland. On December 30, 2008, Group contributed Holdings to its recently established Irish holding company, Holdings Ireland. Holdings Ireland is a direct subsidiary of Group and serves as a holding company for the U.S. reinsurance and insurance subsidiaries. Group is a Bermuda holding company whose common shares are publicly traded in the U.S. on the New York Stock Exchange under the symbol "RE". Group files an annual report on Form 10-K with the Securities and Exchange Commission (the "SEC") with respect to its consolidated operations, including Holdings.

The Company's principal business, conducted through its operating segments, is the underwriting of reinsurance and insurance in the U.S. and international markets. The Company had gross written premiums, in 2019, of \$7.1 billion, with approximately 65% representing reinsurance and 35% representing insurance. Stockholder's equity at December 31, 2019 was \$5.9 billion. The Company underwrites reinsurance both through brokers and directly with ceding companies, giving it the flexibility to pursue business based on the ceding company's preferred reinsurance purchasing method. The Company underwrites insurance through brokers, surplus lines brokers and general agent relationships. Holdings' active operating subsidiaries are each rated A+ ("Superior") by A.M. Best Company ("A.M. Best"), a leading provider of insurer ratings that assigns financial strength ratings to insurance companies based on their ability to meet their obligations to policyholders.

Following is a summary of the Company's operating subsidiaries:

- Everest Re, a Delaware insurance company and a direct subsidiary of Holdings, is a licensed property and casualty insurer and/or reinsurer in all states, the District of Columbia, Puerto Rico and Guam and is authorized to conduct reinsurance business in Canada, Singapore and Brazil. Everest Re underwrites property and casualty reinsurance for insurance and reinsurance companies in the U.S. and international markets. Everest Re has engaged in reinsurance transactions with Bermuda Re, Everest International Reinsurance, Ltd. ("Everest International"), Mt. Logan Re, Ltd. ("Mt. Logan Re") and Everest Insurance Company of Canada ("Everest Canada"), which are affiliated companies, primarily driven by enterprise risk and capital management considerations under which business is transacted at market rates and terms. At December 31, 2019, Everest Re had statutory surplus of \$3.7 billion.
- Everest National Insurance Company ("Everest National"), a Delaware insurance company and a direct subsidiary of Everest Re, is licensed in 50 states, the District of Columbia and Puerto Rico and is authorized to write property and casualty insurance on an admitted basis in the jurisdictions in which it is licensed. The majority of Everest National's business is reinsured by its parent, Everest Re.

- Everest Indemnity Insurance Company (“Everest Indemnity”), a Delaware insurance company and a direct subsidiary of Everest Re, writes excess and surplus lines insurance business in the U.S. on a non-admitted basis. Excess and surplus lines insurance is specialty property and liability coverage that an insurer not licensed to write insurance in a particular jurisdiction is permitted to provide to insureds when the specific specialty coverage is unavailable from admitted insurers. Everest Indemnity is licensed in Delaware and is eligible to write business on a non-admitted basis in all other states, the District of Columbia and Puerto Rico. The majority of Everest Indemnity’s business is reinsured by its parent, Everest Re.
- Everest Security Insurance Company (“Everest Security”), a Georgia insurance company and a direct subsidiary of Everest Re, writes property and casualty insurance on an admitted basis in Georgia and Alabama and is approved as an eligible surplus lines insurer in Delaware. The majority of Everest Security’s business is reinsured by its parent, Everest Re.
- Everest Denali Insurance Company (“Everest Denali”), a Delaware insurance company and a direct subsidiary of Everest Re, is licensed to write property and casualty insurance in 50 states and the District of Columbia. The majority of Everest Denali’s business is reinsured by its parent, Everest Re.
- Everest Premier Insurance Company (“Everest Premier”), a Delaware insurance company and a direct subsidiary of Everest Re, is licensed to write property and casualty insurance in 50 states and the District of Columbia. The majority of Everest Premier’s business is reinsured by its parent, Everest Re.
- Everest International Assurance, Ltd. (“Everest Assurance”), a Bermuda company and a direct subsidiary of Holdings is registered in Bermuda as a Class 3A general business insurer and as a Class C long-term insurer. Everest Assurance has made a one-time election under section 953(d) of the U.S. Internal Revenue Code to be a U.S. income tax paying “Controlled Foreign Corporation.” By making this election, Everest Assurance will be authorized to write life reinsurance and casualty reinsurance in both Bermuda and the U.S.

Reinsurance Industry Overview.

Reinsurance is an arrangement in which an insurance company, the reinsurer, agrees to indemnify another insurance or reinsurance company, the ceding company, against all or a portion of the insurance risks underwritten by the ceding company under one or more insurance contracts. Reinsurance can provide a ceding company with several benefits, including a reduction in its net liability on individual risks or classes of risks, catastrophe protection from large and/or multiple losses and/or a reduction in operating leverage as measured by the ratio of net premiums and reserves to capital. Reinsurance also provides a ceding company with additional underwriting capacity by permitting it to accept larger risks and write more business than would be acceptable relative to the ceding company’s financial resources. Reinsurance does not discharge the ceding company from its liability to policyholders; rather, it reimburses the ceding company for covered losses.

There are two basic types of reinsurance arrangements: treaty and facultative. Treaty reinsurance obligates the ceding company to cede and the reinsurer to assume a specified portion of a type or category of risks insured by the ceding company. Treaty reinsurers do not separately evaluate each of the individual risks assumed under their treaties, instead, the reinsurer relies upon the pricing and underwriting decisions made by the ceding company. In facultative reinsurance, the ceding company cedes and the reinsurer assumes all or part of the risk under a single insurance contract. Facultative reinsurance is negotiated separately for each insurance contract that is reinsured. Facultative reinsurance, when purchased by ceding companies, usually is intended to cover individual risks not covered by their reinsurance treaties because of the dollar limits involved or because the risk is unusual.

Both treaty and facultative reinsurance can be written on either a pro rata basis or an excess of loss basis. Under pro rata reinsurance, the ceding company and the reinsurer share the premiums as well as the losses and expenses in an agreed proportion. Under excess of loss reinsurance, the reinsurer indemnifies the ceding company against all or a specified portion of losses and expenses in excess of a specified dollar amount, known as the ceding company’s retention or reinsurer’s attachment point, generally subject to a negotiated reinsurance contract limit.

In pro rata reinsurance, the reinsurer generally pays the ceding company a ceding commission. The ceding commission generally is based on the ceding company's cost of acquiring the business being reinsured (commissions, premium taxes, assessments and miscellaneous administrative expense and may contain profit sharing provisions, whereby the ceding commission is adjusted based on loss experience). Premiums paid by the ceding company to a reinsurer for excess of loss reinsurance are not directly proportional to the premiums that the ceding company receives because the reinsurer does not assume a proportionate risk. There is usually no ceding commission on excess of loss reinsurance.

Reinsurers may purchase reinsurance to cover their own risk exposure. Reinsurance of a reinsurer's business is called a retrocession. Reinsurance companies cede risks under retrocessional agreements to other reinsurers, known as retrocessionaires, for reasons similar to those that cause insurers to purchase reinsurance: to reduce net liability on individual or classes of risks, protect against catastrophic losses, stabilize financial ratios and obtain additional underwriting capacity.

Reinsurance can be written through intermediaries, generally professional reinsurance brokers, or directly with ceding companies. From a ceding company's perspective, the broker and the direct distribution channels have advantages and disadvantages. A ceding company's decision to select one distribution channel over the other will be influenced by its perception of such advantages and disadvantages relative to the reinsurance coverage being placed.

Business Strategy.

The Company's business strategy is to sustain its leadership position within targeted reinsurance and insurance markets, provide effective management throughout the property and casualty underwriting cycle and thereby achieve an attractive return for its stockholder. The Company's underwriting strategies seek to capitalize on its i) financial strength and capacity, ii) global franchise, iii) stable and experienced management team, iv) diversified product and distribution offerings, v) underwriting expertise and disciplined approach, vi) efficient and low-cost operating structure and vii) effective enterprise risk management practices.

The Company offers treaty and facultative reinsurance and admitted and non-admitted insurance. The Company's products include the full range of property and casualty reinsurance and insurance coverages, including marine, aviation, surety, errors and omissions liability ("E&O"), directors' and officers' liability ("D&O"), medical malpractice, other specialty lines, accident and health ("A&H") and workers' compensation.

The Company's underwriting strategies emphasizes underwriting profitability over premium volume. Key elements of this strategy include careful risk selection, appropriate pricing through strict underwriting discipline and adjustment of the Company's business mix in response to changing market conditions. The Company focuses on reinsuring companies that effectively manage the underwriting cycle through proper analysis and pricing of underlying risks and whose underwriting guidelines and performance are compatible with its objectives.

The Company's underwriting strategies emphasize flexibility and responsiveness to changing market conditions. The Company believes that its existing strengths, including its broad underwriting expertise, global presence, strong financial ratings and substantial capital, facilitate adjustments to its mix of business geographically, by line of business and by type of coverage, allowing it to participate in those market opportunities that provide the greatest potential for underwriting profitability. The Company's insurance operations complement these strategies by accessing business that is not available on a reinsurance basis. The Company carefully monitors its mix of business across all operations to avoid unacceptable geographic or other risk concentrations.

Commencing 2015, the Company initiated a strategic build out of its insurance platform through the investment in key leadership hires which in turn has brought significant underwriting talent and stronger direction in achieving its insurance program strategic goals of increased premium volume and improved underwriting results. Recent growth is coming from highly diversified areas including newly launched lines of business, as well as, product and geographic expansion in existing lines of business. The Company is building a world-class insurance platform capable of offering products across lines and geographies, complementing its leading global reinsurance franchise.

Capital Transactions.

The Company's business operations are in part dependent on its financial strength and financial strength ratings, and the market's perception of its financial strength. The Company stockholder's equity was \$5,857.4 million and \$5,036.8 million at December 31, 2019 and 2018, respectively. The Company possesses significant financial flexibility with access to the debt markets and, through its ultimate parent, equity markets, as a result of its perceived financial strength, as evidenced by the financial strength ratings as assigned by independent rating agencies. The Company's capital position remains strong, commensurate with its financial ratings and the Company has ample liquidity to meet its financial obligations for the foreseeable future.

Financial Strength Ratings.

The following table shows the current financial strength ratings of the Company's operating subsidiaries as reported by A.M. Best, Standard & Poor's, and Moody's. These ratings are based upon factors relevant to policyholders and are not intended to be an indication of the degree or lack of risk involved in a direct or indirect equity investment in an insurance or reinsurance company.

All of the below-mentioned ratings are continually monitored and revised, if necessary, by each of the rating agencies. The ratings presented in the following table were in effect as of January 31, 2020.

The Company believes that its ratings are important as they provide the Company's customers and others with an independent assessment of the Company's financial strength using a rating scale that provides for relative comparisons. Strong financial ratings are particularly important for reinsurance and insurance companies given that customers may rely on a company to pay covered losses well into the future. As a result, a highly rated company is generally preferred.

<u>Operating Subsidiary:</u>	<u>A.M. Best</u>	<u>Standard & Poor's</u>	<u>Moody's</u>
Everest Re	A+ (Superior)	A+ (Strong)	A1 (upper-medium)
Everest National	A+ (Superior)	A+ (Strong)	Not Rated
Everest Indemnity	A+ (Superior)	A+ (Strong)	Not Rated
Everest Security	A+ (Superior)	Not Rated	Not Rated
Everest International Assurance, Ltd.	A+ (Superior)	A (Strong)	Not Rated
Everest Denali	A+ (Superior)	Not Rated	Not Rated
Everest Premier	A+ (Superior)	Not Rated	Not Rated

A.M. Best states that the "A+" ("Superior") rating is assigned to those companies which, in its opinion, have a superior ability to meet their ongoing insurance policy and contract obligations based on A.M. Best's comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile. A.M. Best affirmed these ratings on May 2, 2019. Standard & Poor's states that the "A+/"A" ratings are assigned to those insurance companies which, in its opinion, have strong financial security characteristics with respect to their ability to pay under its insurance policies and contracts in accordance with their terms. Standard & Poor's affirmed these ratings on July 25, 2019. Moody's states that an "A1" rating is assigned to companies that, in their opinion, offer upper-medium grade security and are subject to low credit risk. Moody's affirmed these ratings on September 27, 2019.

Subsidiaries other than Everest Re may not be rated by some or any rating agencies because such ratings are not considered essential by the individual subsidiary's customers or because of the limited nature of the subsidiary's operations or because the subsidiaries are newly established and have not yet been rated by the agencies.

Debt Ratings.

The following table shows the debt ratings by A.M. Best, Standard & Poor's and Moody's of the Holdings' senior notes due June 1, 2044 and long term notes due May 1, 2067 both of which are considered investment grade. Debt ratings are the rating agencies' current assessment of the credit worthiness of an obligor with respect to a specific obligation.

	A.M. Best		Standard & Poor's		Moody's	
Senior Notes	a-	(Strong)	A-	(Strong)	Baa1	(Medium Grade)
Long Term Notes	bbb	(Adequate)	BBB	(Adequate)	Baa2	(Medium Grade)

Competition.

The worldwide reinsurance and insurance businesses are highly competitive, as well as cyclical by product and market. As such, 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 reinsurance and insurance 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 reinsurance and insurance 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.

The Company competes in the U.S. and international reinsurance and insurance markets with numerous global competitors. The Company's 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 reinsurance and insurance risks through capital markets provide additional sources of potential reinsurance and insurance capacity and competition.

Worldwide insurance and reinsurance market conditions continued to be competitive. Generally, there was 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 being primarily driven by the current low interest environment and the desire to achieve greater risk diversification and potentially higher returns on their investments. This increased competition is generally having a negative impact on rates, terms and conditions; however, the impact varies widely by market and coverage.

Rates tend to fluctuate by specific region and products, particularly areas recently impacted by large catastrophic events. Although insured catastrophe losses for 2019 were slightly below recent annual averages, there were numerous natural catastrophes in 2018, with total industry losses estimated to be \$90 billion. The costliest event was the Camp Wildfire in California, the deadliest and most destructive California fire on record. These 2018 catastrophe losses followed another record year of catastrophes in 2017 where total industry losses for the worldwide events were estimated at \$140 billion. These catastrophe losses included an unprecedented series of catastrophes in the third quarter of 2017 with Hurricanes Harvey, Irma and Maria, as well as a significant earthquake in Mexico City. Additional catastrophe events occurred in the fourth quarter of 2017 with the wildfires in California and Hurricanes Nate and Ophelia. During 2016, catastrophe losses included the Fort McMurray Canadian wildfire, Hurricane Matthew which affected a large area of the Caribbean and southeastern United States, storms and an earthquake in Ecuador. While the future impact on market conditions from these catastrophes cannot be determined at this time, there is a growing industry consensus that there is some firming of (re)insurance rates for the areas impacted by the recent catastrophes.

Rates also appear to be firming in some of the casualty lines of business, particularly in the casualty lines that have seen significant losses such as excess casualty and directors and officers' liability. Other casualty lines are experiencing modest rate increase, while some lines such as workers' compensation are experiencing softer market conditions.

Commencing in 2015, the Company initiated a strategic build out of its insurance platform through the investment in key leadership hires which in turn has brought significant underwriting talent and stronger direction in achieving its insurance program strategic goals of increased premium volume and improved underwriting results. Recent growth is coming from highly diversified areas including newly launched lines of business, as well as, product and geographic expansion in existing lines of business. The Company is building a world-class insurance platform capable of offering products across lines and geographies, complementing its leading global reinsurance franchise.

Overall, the Company believes that given its size, strong ratings, distribution system, reputation, expertise and capital market vehicle activity the current marketplace conditions provide profit opportunities. The Company continues to employ its strategy of targeting business that offers the greatest profit potential, while maintaining balance and diversification in its overall portfolio.

Employees.

As of February 1, 2020, the Company employed 1,376 persons. Management believes that employee relations are good. None of the Company's employees are subject to collective bargaining agreements, and the Company is not aware of any current efforts to implement such agreements.

Available Information.

The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports are available free of charge through the Company's internet website at <http://www.everestgroup.com> as soon as reasonably practicable after such reports are electronically filed with the SEC.

ITEM 1A. RISK FACTORS

In addition to the other information provided in this report, the following risk factors should be considered when evaluating an investment in our securities. If the circumstances contemplated by the individual risk factors materialize, our business, financial condition and results of operations could be materially and adversely affected and our ability to service our debt, our debt ratings and our ability to issue new debt could decline significantly.

RISKS RELATING TO OUR BUSINESS

Fluctuations in the financial markets could result in investment losses.

Prolonged and severe disruptions in the overall public debt and equity markets, such as occurred during 2008, could result in significant realized and unrealized losses in our investment portfolio. Although financial markets have significantly improved since 2008, they could deteriorate in the future. There could also be disruption in individual market sectors, such as occurred in the energy sector in recent years.

Such declines in the financial markets could result in significant realized and unrealized losses on investments and could have a material adverse impact on our results of operations, equity, business and insurer financial strength and debt ratings.

Our results could be adversely affected by catastrophic events.

We are exposed to unpredictable catastrophic events, including weather-related and other natural catastrophes, as well as acts of terrorism. Any material reduction in our operating results caused by the occurrence of one or more catastrophes could inhibit our ability to pay dividends or to meet our interest and principal payment obligations. By way of illustration, during the past five calendar years, pre-tax catastrophe losses, net of reinsurance, were as follows:

Calendar year:	Pre-tax catastrophe losses	
(Dollars in millions)		
2019	\$	573.7
2018		1,712.6
2017		941.4
2016		109.2
2015		31.9

Our losses from future catastrophic events could exceed our projections.

We use projections of possible losses from future catastrophic events of varying types and magnitudes as a strategic underwriting tool. We use these loss projections to estimate our potential catastrophe losses in certain geographic areas and decide on the placement of retrocessional coverage or other actions to limit the extent of potential losses in a given geographic area. These loss projections are approximations, reliant on a mix of quantitative and qualitative processes, and actual losses may exceed the projections by a material amount, resulting in a material adverse effect on our financial condition and results of operations.

If our loss reserves are inadequate to meet our actual losses, our net income would be reduced or we could incur a loss.

We are required to maintain reserves to cover our estimated ultimate liability of losses and loss adjustment expenses (“LAE”) for both reported and unreported claims incurred. These reserves are only estimates of what we believe the settlement and administration of claims will cost based on facts and circumstances known to us. In setting reserves for our reinsurance liabilities, we rely on claim data supplied by our ceding companies and brokers and we employ actuarial and statistical projections. The information received from our ceding companies is not always timely or accurate, which can contribute to inaccuracies in our loss projections. Because of the uncertainties that surround our estimates of loss and LAE reserves, we cannot be certain that ultimate losses and LAE payments will not exceed our estimates. If our reserves are deficient, we would be required to increase loss reserves in the period in which such deficiencies are identified which would cause a charge to our earnings and a reduction of capital. By way of illustration, during the past five calendar years, the reserve re-estimation process resulted in a decrease to our pre-tax net income in 2019 and 2018, and an increase for the years 2017 through 2015:

Calendar year:	Effect on pre-tax net income		
(Dollars in millions)			
2019	\$	44.4	decrease
2018		558.8	decrease
2017		117.7	increase
2016		91.7	increase
2015		6.5	increase

The difficulty in estimating our reserves is significantly more challenging as it relates to reserving for potential asbestos and environmental (“A&E”) liabilities. At December 31, 2019, 2.5% of our gross reserves were comprised of A&E reserves. A&E liabilities are especially hard to estimate for many reasons, including the long delays between exposure and manifestation of any bodily injury or property damage, difficulty in identifying the source of the asbestos or environmental contamination, long reporting delays and difficulty in properly allocating liability for the asbestos or environmental damage. Legal tactics and judicial and legislative developments affecting the scope of insurers’ liability, which can be difficult to predict, also contribute to uncertainties in estimating reserves for A&E liabilities.

The failure to accurately assess underwriting risk and establish adequate premium rates could reduce our net income or result in a net loss.

Our success depends on our ability to accurately assess the risks associated with the businesses on which the risk is retained. If we fail to accurately assess the risks we retain, we may fail to establish adequate premium rates to cover our losses and LAE. This could reduce our net income and even result in a net loss.

In addition, losses may arise from events or exposures that are not anticipated when the coverage is priced. In addition to unanticipated events, we also face the unanticipated expansion of our exposures, particularly in long-tail liability lines. An example of this is the expansion over time of the scope of insurers' legal liability within the mass tort arena, particularly for A&E exposures discussed above.

Decreases in pricing for property and casualty reinsurance and insurance could reduce our net income.

The worldwide reinsurance and insurance businesses are highly competitive, as well as cyclical by product and market. These cycles, as well as other factors that influence aggregate supply and demand for property and casualty insurance and reinsurance products, are outside of our control. The supply of (re)insurance is driven by prevailing prices and levels of capacity that may fluctuate in response to a number of factors including large catastrophic losses and investment returns being realized in the insurance industry. Demand for (re)insurance is influenced by underwriting results of insurers and insureds, including catastrophe losses, and prevailing general economic conditions. If any of these factors were to result in a decline in the demand for (re)insurance or an overall increase in (re)insurance capacity, our net income could decrease.

If rating agencies downgrade the ratings of our insurance subsidiaries, future prospects for growth and profitability could be significantly and adversely affected.

Our active insurance company subsidiaries currently hold financial strength ratings assigned by third-party rating agencies which assess and rate the claims paying ability and financial strength of insurers and reinsurers. Our active subsidiaries that have been rated carry an "A+" ("Superior") rating from A.M. Best. Everest Re, Everest National and Everest Indemnity hold an "A+" ("Strong") rating from Standard & Poor's and Everest Assurance holds an "A" ("Strong") rating from this same agency. Everest Re holds an "A1" ("upper-medium grade") rating from Moody's. Financial strength ratings are used by client companies and agents and brokers that place the business as an important means of assessing the financial strength and quality of reinsurers. A downgrade or withdrawal of any of these ratings might adversely affect our ability to market our insurance products and could have a material and adverse effect on future prospects for growth and profitability.

Consistent with market practice, much of our treaty reinsurance business allows the ceding company to terminate the contract or seek collateralization of our obligations in the event of a rating downgrade below a certain threshold. The termination provision would generally be triggered if a rating fell below A.M. Best's A- rating level, which is three levels below Everest Re's current rating of A+. To a lesser extent, Everest Re also has modest exposure to reinsurance contracts that contain provisions for obligatory funding of outstanding liabilities in the event of a rating agency downgrade. Those provisions would also generally be triggered if Everest Re's rating fell below A.M. Best's A-rating level.

The failure of our insureds, intermediaries and reinsurers to satisfy their obligations to us could reduce our income.

In accordance with industry practice, we have uncollateralized receivables from insureds, agents and brokers and/or rely on agents and brokers to process our payments. We may not be able to collect amounts due from insureds, agents and brokers, resulting in a reduction to net income.

We are subject to credit risk of reinsurers in connection with retrocessional arrangements because the transfer of risk to a reinsurer does not relieve us of our liability to the insured. In addition, reinsurers may be unwilling to pay us even though they are able to do so. The failure of one or more of our reinsurers to honor their obligations to us in a timely fashion would impact our cash flow and reduce our net income and could cause us to incur a significant loss.

If we are unable or choose not to purchase reinsurance and transfer risk to the reinsurance markets, our net income could be reduced or we could incur a net loss in the event of unusual loss experience.

We are generally less reliant on the purchase of reinsurance than many of our competitors, in part because of our strategic emphasis on underwriting discipline and management of the cycles inherent in our business. We try to separate our risk taking process from our risk mitigation process in order to avoid developing too great a reliance on reinsurance. With the expansion of the capital markets into insurance linked financial instruments, we increased our use of capital market products for catastrophe reinsurance starting in 2014. In addition, some of our quota share contracts with larger retrocessions have increased. The percentage of business that we reinsure may vary considerably from year to year, depending on our view of the relationship between cost and expected benefit for the contract period.

We entered into affiliated whole account quota share reinsurance agreements for 2002 through 2017 with Bermuda Re but we did not renew the quota share reinsurance agreement with Bermuda Re after 2017. We believe that the terms, conditions and pricing of the quota share agreements reflect arm's length market conditions.

<i>Percentage of ceded written premiums to gross written premiums</i>	2019		2018		2017		2016		2015	
Unaffiliated	16.7	%	14.7	%	14.6	%	13.6	%	8.2	%
Affiliated	1.4	%	8.7	%	38.4	%	45.9	%	49.9	%

If we are unable to purchase affiliated or unaffiliated reinsurance in the future, we may have to reduce our premium volume and we may be more exposed to reductions in net income from large losses.

Our industry is highly competitive and we may not be able to compete successfully in the future.

Our industry is highly competitive and subject to pricing cycles that can be pronounced. We compete globally in the United States, international reinsurance and insurance markets with numerous competitors. Our competitors include independent reinsurance and insurance companies, subsidiaries or affiliates of established worldwide insurance companies, reinsurance departments of certain insurance companies and domestic and international underwriting operations, including underwriting syndicates at Lloyd's of London.

According to Standard & Poor's, Group ranks among the top ten global reinsurance groups, where more than two-thirds of the market share is concentrated. The worldwide net premium written by the Top 40 global reinsurance groups, for both life and non-life business, was estimated to be \$225.1 billion in 2018 according to data compiled by Standard & Poor's. The leaders in this market are Swiss Re, Munich Re, Hannover Rueck SE, Berkshire Hathaway Re, and SCOR SE. Some of these competitors have greater financial resources than we do and have established long term and continuing business relationships throughout the industry, which can be a significant competitive advantage. In addition, the lack of strong barriers to entry into the reinsurance business and the entry of alternative capital market products and vehicles provide additional sources of reinsurance and insurance capacity and increased competition.

We are dependent on our key personnel.

Our success has been, and will continue to be, dependent on our ability to retain the services of our Chairman, Joseph V. Taranto (age 70) and existing key executive officers and to attract and retain additional qualified personnel in the future. The loss of the services of any key executive officer or the inability to hire and retain other highly qualified personnel in the future could adversely affect our ability to conduct business. Generally, we consider key executive officers to be those individuals who have the greatest influence in setting overall policy and controlling operations: Effective January 1, 2020, Juan C. Andrade (age 54) became President and Chief Executive Officer, replacing Dominic J. Adesso (age 66), who retired effective December 31, 2019 and remains on our Board of Directors. Other key officers include Executive Vice President and Chief Financial Officer, Craig Howie (age 56), Executive Vice President and Chief Executive Officer Reinsurance Division, John P. Doucette (age 54), Executive Vice President, General Counsel, Chief Compliance Officer, Secretary and Managing Director and Chief Executive Officer of Bermuda Re, Sanjoy Mukherjee (age 53) and Executive Vice

President, President and Chief Executive Officer of the Everest Insurance® Division, Jonathan Zaffino (age 47). We have employment contracts with all of our key officers, which contain automatic renewal provisions that provide for the contracts to continue indefinitely unless sooner terminated in accordance with the contract or as otherwise may be agreed.

Our investment values and investment income could decline because they are exposed to interest rate, credit and market risks.

A significant portion of our investment portfolio consists of fixed income securities and smaller portions consist of equity securities and other investments. Both the fair market value of our invested assets and associated investment income fluctuate depending on general economic and market conditions. For example, the fair market value of our predominant fixed income portfolio generally increases or decreases inversely to fluctuations in interest rates. The market value of our fixed income securities could also decrease as a result of a downturn in the business cycle that causes the credit quality of such securities to deteriorate. The net investment income that we realize from future investments in fixed income securities will generally increase or decrease with interest rates.

Interest rate fluctuations also can cause net investment income from fixed income investments that carry prepayment risk, such as mortgage-backed and other asset-backed securities, to differ from the income anticipated from those securities at the time of purchase. In addition, if issuers of individual investments are unable to meet their obligations, investment income will be reduced and realized capital losses may arise.

The majority of our fixed income securities are classified as available for sale and temporary changes in the market value of these investments are reflected as changes to our stockholder's equity. Our actively managed equity security portfolios are fair valued and any changes in fair value are reflected as net realized capital gains or losses. As a result, a decline in the value of our securities reduces our capital or could cause us to incur a loss.

We have invested a portion of our investment portfolio in equity securities. The value of these assets fluctuates with changes in the markets. In times of economic weakness, the fair value of these assets may decline, and may negatively impact net income. We also invest in non-traditional investments which have different risk characteristics than traditional fixed income and equity securities. These alternative investments are comprised primarily of private equity limited partnerships. The changes in value and investment income/(loss) for these partnerships may be more volatile than over-the-counter securities.

The following table quantifies the portion of our investment portfolio that consists of fixed income securities, equity securities and investments that carry prepayment risk.

(Dollars in millions)	At	
	December 31, 2019	% of Total
Mortgage-backed securities		
Commercial	\$ 329.0	2.8 %
Agency residential	644.7	5.4 %
Non-agency residential	1.6	- %
Other asset-backed	766.0	6.4 %
Total asset-backed	1,741.3	14.6 %
Other fixed income	5,750.8	48.1 %
Total fixed income, at market value	7,492.1	62.7 %
Fixed income -available for sale, at fair value	5.8	- %
Equity securities - available for sale, at fair value	764.0	6.4 %
Other invested assets	1,020.8	8.5 %
Other invested assets, at fair value	1,982.6	16.6 %
Cash and short-term investments	691.0	5.8 %
Total investments and cash	\$ 11,956.3	100.0 %

We may experience foreign currency exchange losses that reduce our net income and capital levels.

Through our international operations, we conduct business in a variety of foreign (non-U.S.) currencies, principally the Canadian dollar and the Singapore dollar. Assets, liabilities, revenues and expenses denominated in foreign currencies are exposed to changes in currency exchange rates. Our reporting currency is the U.S. dollar, and exchange rate fluctuations, especially relative to the U.S. dollar, may materially impact our results and financial position. In 2019, we wrote approximately 15.5% of our coverages in non-U.S. currencies; as of December 31, 2019, we maintained approximately 9.8% of our investment portfolio in investments denominated in non-U.S. currencies. During 2019, 2018 and 2017, the impact on our quarterly pre-tax net income from exchange rate fluctuations ranged from a loss of \$6.4 million to a gain of \$16.1 million.

Changes in the method for determining LIBOR and the potential replacement of LIBOR may affect our cost of capital and net investment income.

On July 27, 2017, the UK Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021, which is expected to result in these widely used reference rates no longer being available. Potential changes to LIBOR, as well as uncertainty related to such potential changes and the establishment of any alternative reference rates, may adversely affect the market for LIBOR-based securities and could adversely impact the interest rate on our long term subordinate notes. In addition, the discontinuance of LIBOR or changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market for LIBOR-based securities or the value of our investment portfolio.

We are subject to cybersecurity risks that could negatively impact our business operations.

We are dependent upon our information technology platform, including our processing systems, data and electronic transmissions in our business operations. Security breaches could expose us to the loss or misuse of our information, litigation and potential liability. In addition, cyber incidents that impact the availability, reliability, speed, accuracy or other proper functioning of these systems could have a significant negative impact on our operations and possibly our results. An incident could also result in a violation of applicable privacy and other laws, damage our reputation, cause a loss of customers or give rise to monetary fines and other penalties, which could be significant. Management is not aware of a cybersecurity incident that has had a material impact on our operations.

The NAIC has adopted an Insurance Data Security Model Law, which, when adopted by the states will require insurers, insurance producers and other entities required to be licensed under state insurance laws to comply with certain requirements under state insurance laws, such as developing and maintaining a written information security program, conducting risk assessments and overseeing the data security practices of third-party vendors. In addition, certain state insurance regulators are developing or have developed regulations that may impose regulatory requirements relating to cybersecurity on insurance and reinsurance companies (potentially including insurance and reinsurance companies that are not domiciled, but are licensed, in the relevant state). For example, the New York State Department of Financial Services has adopted a regulation pertaining to cybersecurity for all banking and insurance entities under its jurisdiction, effective as of March 1, 2017, which applies to us. We cannot predict the impact these laws and regulations will have on our business, financial condition or results of operations, but our insurance and reinsurance companies could incur additional costs resulting from compliance with such laws and regulations.

RISKS RELATING TO REGULATION

Insurance laws and regulations restrict our ability to operate and any failure to comply with those laws and regulations could have a material adverse effect on our business.

We are subject to extensive and increasing regulation under U.S., state and foreign insurance laws. These laws limit the amount of dividends that can be paid to us by our operating subsidiaries, impose restrictions on the amount and type of investments that we can hold, prescribe solvency, accounting and internal control standards that must be met and maintained and require us to maintain reserves. These laws also require disclosure of material inter-affiliate transactions and require prior approval of “extraordinary” transactions. Such “extraordinary” transactions include declaring dividends from operating subsidiaries that exceed statutory thresholds. These laws also generally require approval of changes of control of insurance companies. The application of these laws could affect our liquidity and ability to pay dividends, interest and other payments on securities, as applicable, and could restrict our ability to expand our business operations through acquisitions of new insurance subsidiaries. We may not have or maintain all required licenses and approvals or fully comply with the wide variety of applicable laws and regulations or the relevant authority’s interpretation of the laws and regulations. If we do not have the requisite licenses and approvals or do not comply with applicable regulatory requirements, the insurance regulatory authorities could preclude or temporarily suspend us from carrying on some or all of our activities or monetarily penalize us. These types of actions could have a material adverse effect on our business. To date, no material fine, penalty or restriction has been imposed on us for failure to comply with any insurance law or regulation.

As a result of the previous dislocation of the financial markets, Congress and the previous Presidential administration in the United States implemented changes in the way the financial services industry is regulated. Some of these changes are also impacting the insurance industry. For example, the U.S. Treasury established the Federal Insurance Office with the authority to monitor all aspects of the insurance sector, monitor the extent to which traditionally underserved communities and consumers have access to affordable non-health insurance products, to represent the United States on prudential aspects of international insurance matters, to assist with administration of the Terrorism Risk Insurance Program and to advise on important national and international insurance matters. In addition, several European regulatory bodies are in process of updating existing or developing new capital adequacy directives for insurers and reinsurers. The future impact of such initiatives or new initiatives from the current Government Administration, if any, on our operation, net income (loss) or financial condition cannot be determined at this time.

RISK RELATING TO OUR SECURITIES

Because of our holding company structure, our ability to pay dividends, interest and principal is dependent on our receipt of dividends, loan payments and other funds from our subsidiaries.

We are a holding company, whose most significant asset consists of the stock of our operating subsidiaries. As a result, our ability to pay dividends, interest or other payments on our securities in the future will depend on the earnings and cash flows of the operating subsidiaries and the ability of the subsidiaries to pay dividends or to advance or repay funds to us. This ability is subject to general economic, financial, competitive, regulatory

and other factors beyond our control. Payment of dividends and advances and repayments from some of the operating subsidiaries are regulated by U.S., state and foreign insurance laws and regulatory restrictions, including minimum solvency and liquidity thresholds. Accordingly, the operating subsidiaries may not be able to pay dividends or advance or repay funds to us in the future, which could prevent us from paying dividends, interest or other payments on our securities.

RISK RELATING TO TAXATION

If U.S. tax law changes, our net income may be impacted.

The 2017 TCJA addressed concerns by members of Congress regarding U.S. corporations moving their place of incorporation to low-tax jurisdictions to obtain a competitive advantage over domestic corporations that are subject to the U.S. corporate tax rate of 21%. Specifically, it addressed their concern over a perceived competitive advantage that foreign-controlled insurers and reinsurers may have had over U.S. controlled insurers and reinsurers resulting from the purchase of reinsurance by U.S. insurers from affiliates operating in foreign jurisdictions, including Bermuda. Such affiliated reinsurance transactions may subject the U.S. ceding companies to a Base Erosion and Anti-abuse Tax ("BEAT") of 10% from 2019 to 2025 and 12.5% thereafter which may exceed its regular income tax. In addition, new proposed and final regulations may further limit the ability of the Company to execute alternative capital balancing transactions with unrelated parties. This would further impact our net income and effective tax rate.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Everest Re's corporate offices are located in approximately 230,500 square feet of leased office space in Liberty Corner, New Jersey. The Company's other 18 locations occupy a total of approximately 206,400 square feet, all of which are leased. In addition, effective October 2019, the Company entered into a lease agreement to move its corporate offices from Liberty Corner, New Jersey to Warren, New Jersey. The lease agreement covers approximately 315,000 square feet of office space. Management believes that the above-described office space is adequate for its current and anticipated needs.

ITEM 3. 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 loss adjustment expenses.

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 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holder of Common Stock.

As of December 31, 2019, all of the Company's common stock was owned by Holdings Ireland and was not publicly traded.

Dividend History and Restrictions.

The Company did not pay any dividends in 2019, 2018 and 2017. The declaration and payment of future dividends, if any, by the Company will be at the discretion of the Board of Directors and will depend upon many factors, including the Company's earnings, financial condition, business needs and growth objectives, capital and surplus requirements of its operating subsidiaries, regulatory restrictions, rating agency considerations and other factors. As an insurance holding company, the Company is dependent on dividends and other permitted payments from its subsidiaries to pay cash dividends to its stockholder. The payment of dividends to Holdings by Everest Re is subject to limitations imposed by Delaware law. Generally, Everest Re may only pay dividends out of its statutory earned surplus, which was \$3,739.1 million at December 31, 2019, and only after it has given 10 days prior notice to the Delaware Insurance Commissioner. During this 10-day period, the Commissioner may, by order, limit or disallow the payment of ordinary dividends if the Commissioner finds the insurer to be presently or potentially in financial distress. Further, the maximum amount of dividends that may be paid without the prior approval of the Delaware Insurance Commissioner in any twelve month period is the greater of (1) 10% of an insurer's statutory surplus as of the end of the prior calendar year or (2) the insurer's statutory net income, not including realized capital gains, for the prior calendar year. The maximum amount that is available for the payment of dividends by Everest Re in 2020 without prior regulatory approval is \$373.9 million.

Recent Sales of Unregistered Securities.

None.

ITEM 6. SELECTED FINANCIAL DATA

Information for Item 6 is not required pursuant to General Instruction I(2) of Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following is a discussion and analysis of our results of operations and financial condition. It should be read in conjunction with the Consolidated Financial Statements and accompanying notes thereto presented under ITEM 8, "Financial Statements and Supplementary Data".

Industry Conditions.

The worldwide reinsurance and insurance businesses are highly competitive, as well as cyclical by product and market. As such, 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 reinsurance and insurance 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 reinsurance and insurance 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.

The Company competes in the U.S. and international reinsurance and insurance markets with numerous global competitors. The Company's 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 reinsurance and insurance risks through capital markets provide additional sources of potential reinsurance and insurance capacity and competition.

Worldwide insurance and reinsurance market conditions continued to be competitive. Generally, there was 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 being primarily driven by the current low interest environment and the desire to achieve greater risk diversification and potentially higher returns on their investments. This increased competition is generally having a negative impact on rates, terms and conditions; however, the impact varies widely by market and coverage.

Rates tend to fluctuate by specific region and products, particularly areas recently impacted by large catastrophic events. Although insured catastrophe losses for 2019 were slightly below recent annual averages, there were numerous natural catastrophes in 2018, with total industry losses estimated to be \$90 billion. The costliest event was the Camp Wildfire in California, the deadliest and most destructive California fire on record. These 2018 catastrophe losses followed another record year of catastrophes in 2017 where total industry losses for the worldwide events were estimated at \$140 billion. These catastrophe losses included an unprecedented series of catastrophes in the third quarter of 2017 with Hurricanes Harvey, Irma and Maria, as well as a significant earthquake in Mexico City. Additional catastrophe events occurred in the fourth quarter of 2017 with the wildfires in California and Hurricanes Nate and Ophelia. During 2016, catastrophe losses included the Fort McMurray Canadian wildfire, Hurricane Matthew which affected a large area of the Caribbean and southeastern United States, storms and an earthquake in Ecuador. While the future impact on market conditions from these catastrophes cannot be determined at this time, there is a growing industry consensus that there is some firming of (re)insurance rates for the areas impacted by the recent catastrophes.

Rates also appear to be firming in some of the casualty lines of business, particularly in the casualty lines that have seen significant losses such as excess casualty and directors and officers' liability. Other casualty lines are experiencing modest rate increase, while some lines such as workers' compensation are experiencing softer market conditions.

Commencing in 2015, the Company initiated a strategic build out of its insurance platform through the investment in key leadership hires which in turn has brought significant underwriting talent and stronger direction in achieving its insurance program strategic goals of increased premium volume and improved underwriting results. Recent growth is coming from highly diversified areas including newly launched lines of business, as well as, product and geographic expansion in existing lines of business. The Company is building a world-class insurance platform capable of offering products across lines and geographies, complementing its leading global reinsurance franchise.

Overall, the Company believes that given its size, strong ratings, distribution system, reputation, expertise and capital market vehicle activity the current marketplace conditions provide profit opportunities. The Company continues to employ its strategy of targeting business that offers the greatest profit potential, while maintaining balance and diversification in its overall portfolio.

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 stockholder's equity for the periods indicated:

(Dollars in millions)	Years Ended December 31,			Percentage Increase/(Decrease)	
	2019	2018	2017	2019/2018	2018/2017
Gross written premiums	\$ 7,053.1	\$ 6,573.7	\$ 5,788.5	7.3%	13.6%
Net written premiums	5,774.9	5,031.9	2,723.8	14.8%	84.7%
REVENUES:					
Premiums earned	\$ 5,489.0	\$ 4,839.1	\$ 1,949.6	13.4%	148.2%
Net investment income	356.2	314.4	286.3	13.3%	9.8%
Net realized capital gains (losses)	419.4	(185.4)	161.6	NM	-214.7%
Other income (expense)	(1.6)	(9.6)	25.9	-83.4%	-137.1%
Total revenues	6,263.0	4,958.5	2,423.3	26.3%	104.6%
CLAIMS AND EXPENSES:					
Incurred losses and loss adjustment expenses	3,829.1	4,811.0	2,039.8	-20.4%	135.9%
Commission, brokerage, taxes and fees	1,270.1	1,141.7	210.9	11.2%	NM
Other underwriting expenses	350.9	293.3	254.9	19.6%	15.1%
Corporate expense	13.1	11.0	7.4	18.4%	49.2%
Interest, fee and bond issue cost amortization expense	34.9	30.6	31.2	14.1%	-1.8%
Total claims and expenses	5,498.1	6,287.7	2,544.1	-12.6%	147.1%
INCOME (LOSS) BEFORE TAXES	765.0	(1,329.2)	(120.9)	-157.5%	NM
Income tax expense (benefit)	135.2	(367.0)	(200.7)	-136.8%	82.9%
NET INCOME (LOSS)	\$ 629.7	\$ (962.2)	\$ 79.9	-165.4%	NM
RATIOS:					
				Point Change	
Loss ratio	69.8%	99.4%	104.6%	(29.6)	(5.2)
Commission and brokerage ratio	23.1%	23.6%	10.8%	(0.5)	12.8
Other underwriting expense ratio	6.4%	6.1%	13.1%	0.3	(7.0)
Combined ratio	99.3%	129.1%	128.5%	(29.8)	0.6
Balance Sheet data:					
				Percentage Increase/ (Decrease)	
				2019/2018	2018/2017
Total investments and cash	\$ 11,956.3	\$ 10,707.4	\$ 8,911.5	11.7%	20.2%
Total assets	19,706.2	18,680.3	17,885.1	5.5%	4.4%
Loss and loss adjustment expense reserves	10,209.5	10,167.0	9,343.0	0.4%	8.8%
Total debt	633.8	933.6	633.4	-32.1%	47.4%
Total liabilities	13,848.8	13,643.5	12,475.8	1.5%	9.4%
Stockholder's equity	5,857.4	5,036.8	5,409.3	16.3%	-6.9%

(Some amounts may not reconcile due to rounding)

(NM, not meaningful)

Revenues.

Premiums. Gross written premiums increased by 7.3% to \$7,053.1 million in 2019, compared to \$6,573.7 million in 2018, reflecting a \$445.7 million, or 22.2%, increase in our insurance business and a \$33.7 million, or 0.7%, increase in our reinsurance business. The rise in insurance premiums was primarily due to increases in many lines of business, including casualty, energy and accident and health. The increase in reinsurance premiums was mainly due to the increase in treaty casualty writings, partially offset by a decline in treaty property business. Net written premiums increased by 14.8% to \$5,774.9 million in 2019, compared to \$5,031.9 million in 2018. The difference between the change in gross written premiums compared to the change in net written premiums is primarily due to the impact of changes in affiliated reinsurance contracts. Premiums ceded to Bermuda Re in 2019 were \$100.1 million compared with \$572.6 million in 2018. Premiums earned increased by 13.4% to \$5,489.0 million in 2019, compared to \$4,839.1 million in 2018. 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.

Gross written premiums increased by 13.6% to \$6,573.7 million in 2018, compared to \$5,788.5 million in 2017, reflecting a \$637.0 million, or 16.2%, increase in our reinsurance business and a \$148.2 million, or 8.0%, increase in our insurance business. The increase in reinsurance premiums was mainly due to the increases in treaty property and treaty casualty writings, rise in mortgage business and growth in Latin American business. The rise in insurance premiums was primarily due to increases in many lines of business, including casualty, energy and accident and health. Net written premiums increased by 84.7% to \$5,031.9 million in 2018, compared to \$2,723.8 million in 2017. The difference between the change in gross written premiums compared to the change in net written premiums is primarily due to the impact of changes in affiliated reinsurance contracts, particularly the non-renewal of the quota share agreement between Everest Re and Bermuda Re as of December 31, 2017. Effective January 1, 2018, Everest Re entered into an aggregate stop loss agreement with Bermuda Re. Premiums ceded to Bermuda Re in 2018 were \$572.6 million compared with \$2,219.4 million in 2017. Premiums earned increased by 148.2% to \$4,839.1 million in 2018, compared to \$1,949.6 million in 2017. The change in premiums earned relative to net written premiums is partially due to the impact of the non-renewal of the quota share contract between Everest Re and Bermuda Re and is also the result of timing; premiums are earned ratably over the coverage period whereas written premiums are recorded at the initiation of the coverage period.

Net Investment Income. Net investment income increased 13.3% to \$356.2 million in 2019 compared with net investment income of \$314.4 million in 2018. Net pre-tax investment income as a percentage of average invested assets was 3.2% in both 2019 and 2018. The increase in income was primarily the result of higher income from our growing fixed maturity portfolio, partially offset by lower income from our limited partnerships and lower dividend income from our equity portfolio.

Net investment income increased 9.8% to \$314.4 million in 2018 compared with net investment income of \$286.3 million in 2017. Net pre-tax investment income as a percentage of average invested assets was 3.2% in both 2018 and 2017. The increase in income was primarily the result of higher income from our limited partnerships and from our growing fixed maturity portfolio, partially offset by lower dividend income from our equity portfolio.

Net Realized Capital Gains (Losses). Net realized capital gains were \$419.4 million in 2019, net realized capital losses were \$185.4 million in 2018 and net realized capital gains were \$161.6 million in 2017. The net realized capital gains of \$419.4 million in 2019, were comprised of \$420.8 million of gains from fair value re-measurements, \$18.2 million of gains from sales of investments, partially offset by \$19.6 million of other-than-temporary impairments. The net realized capital losses of \$185.4 million in 2018 were comprised of \$148.0 million of losses from fair value re-measurements, \$31.2 million of losses from sales of investments and \$6.2 million of other-than-temporary impairments. The net realized capital gains of \$161.6 million in 2017 were comprised of \$158.5 million of gains from fair value re-measurements and \$9.1 million of gains from sales of investments, partially offset by \$6.1 million of other-than-temporary impairments.

Other Income (Expense). We recorded other expense of \$1.6 million and \$9.6 million in 2019 and 2018, respectively, and other income of \$25.9 million in 2017. The changes were primarily the result of fluctuations in foreign currency exchange rates.

Claims and Expenses.

Incurred Losses and Loss Adjustment Expenses. The following table presents our incurred losses and loss adjustment expenses (“LAE”) for the periods indicated.

(Dollars in millions)	Total					
	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2019						
Attritional (a)	\$ 3,271.4	59.6%	\$ (16.0)	(0.3)%	\$ 3,255.5	59.3%
Catastrophes	513.3	9.4%	60.3	1.1%	573.7	10.5%
Total	\$ 3,784.8	69.0%	\$ 44.4	0.8%	\$ 3,829.1	69.8%
2018						
Attritional (a)	\$ 3,092.6	63.9%	\$ 5.8	0.1%	\$ 3,098.4	64.0%
Catastrophes	1,159.6	24.0%	553.0	11.4%	1,712.6	35.4%
Total	\$ 4,252.2	87.9%	\$ 558.8	11.5%	\$ 4,811.0	99.4%
2017						
Attritional (a)	\$ 1,200.6	61.5%	\$ (102.3)	-5.2%	\$ 1,098.4	56.3%
Catastrophes	956.9	49.1%	(15.5)	-0.8%	941.4	48.3%
Total	\$ 2,157.5	110.6%	\$ (117.7)	-6.0%	\$ 2,039.8	104.6%
Variance 2019/2018						
Attritional (a)	\$ 178.8	(4.3) pts	\$ (21.8)	(0.4) pts	\$ 157.1	(4.7) pts
Catastrophes	(646.3)	(14.6) pts	(492.7)	(10.3) pts	(1,138.9)	(24.9) pts
Total	\$ (467.4)	(18.9) pts	\$ (514.4)	(10.7) pts	\$ (981.9)	(29.6) pts
Variance 2018/2017						
Attritional (a)	\$ 1,892.0	2.4 pts	\$ 108.1	5.3 pts	\$ 2,000.0	7.7 pts
Catastrophes	202.7	(25.1) pts	568.5	12.2 pts	771.2	(12.9) pts
Total	\$ 2,094.7	(22.7) pts	\$ 676.5	17.5 pts	\$ 2,771.2	(5.2) pts

(a) Attritional losses exclude catastrophe losses.

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE decreased by 20.4% to \$3,829.1 million in 2019 compared to \$4,811.0 million in 2018, primarily due to a decrease in current year catastrophe losses of \$646.3 million and a decrease in unfavorable development on prior year catastrophe losses of \$492.7 million mainly related to the development on Hurricanes Harvey, Irma and Maria and the California wildfires in 2018. The decrease in losses was partially offset by an increase of \$178.8 million on current year attritional losses mainly due to the increase in premiums earned. The current year catastrophe losses of \$513.3 million in 2019 related to Typhoon Hagibis (\$184.0 million), Hurricane Dorian (\$161.0 million), Typhoon Faxai (\$119.3 million), the Dallas tornadoes (\$25.0 million), and the Townsville Monsoon in Australia (\$24.0 million). The current year catastrophe losses of \$1,159.6 million in 2018 related to Hurricane Michael (\$443.5 million), Camp wildfire (\$297.0 million), Woolsey wildfire (151.0 million), Typhoon Jebi (\$66.6 million), Hurricane Florence (\$60.8 million), Cyclone Mekunu (\$43.7 million), Typhoon Trami (\$25.0 million), other 2018 California wildfires (\$24.6 million), Australian hailstorm (\$24.0 million), Japan Floods (\$15.0 million) and the U.S. winter storms (\$8.4 million).

Incurred losses and LAE increased by 135.9% to \$4,811.0 million in 2018 compared to \$2,039.8 million in 2017, primarily due to an increase in current year attritional losses of \$1,892.0 million, mainly due to the impact of the increase in premiums earned resulting primarily from changes in affiliated reinsurance

agreements, including the non-renewal of the quota share agreement with Bermuda Re as of December 31, 2017 and the implementation of an aggregate stop loss agreement with Bermuda Re as of January 1, 2018. The increase in incurred losses also resulted from \$553.0 million of unfavorable development on prior years catastrophe losses in 2018, mainly related to Hurricanes Harvey, Irma and Maria and the California wildfires and an increase in current year catastrophe losses of \$202.7 million. The current year catastrophe losses of \$1,159.6 million in 2018 are outlined above. Current year catastrophe losses of \$956.9 million in 2017 related to Hurricane Irma (\$333.7 million), Hurricane Maria (\$268.1 million), Hurricane Harvey (\$235.8 million), the Northern California wildfires (\$75.3 million), the South Africa Knysna fires (\$9.6 million), the Mexico City earthquake (\$9.3 million), Cyclone Debbie in Australia (\$8.5 million), the Peru storms (\$7.1 million), the 2017 US Midwest storms (\$5.0 million) and the Southern California wildfires (\$4.4 million).

Commission, Brokerage, Taxes and Fees. Commission, brokerage, taxes and fees increased to \$1,270.1 million in 2019 compared to \$1,141.7 million in 2018. The increase was mainly due to changes in affiliated reinsurance agreements, increases in premiums earned and changes in the mix of business toward additional pro rata business.

Commission, brokerage, taxes and fees increased to \$1,141.7 million in 2018 compared to \$210.9 million in 2017. The increase was mainly due to changes in affiliated reinsurance agreements, including the non-renewal of the quota share agreement with Bermuda Re as of December 31, 2017, increases in premiums earned and changes in the mix of business toward additional pro rata business.

Other Underwriting Expenses. Other underwriting expenses were \$350.9 million, \$293.3 million and \$254.9 million in 2019, 2018 and 2017, respectively. The increases were mainly due to changes in affiliated reinsurance agreements, impact of increases in premium earned and costs incurred to support the expansion of the insurance business.

Corporate Expenses. Corporate expenses, which are general operating expenses that are not allocated to segments, were \$13.1 million, \$11.0 million and \$7.4 million for the years ended December 31, 2019, 2018 and 2017, respectively. The variances were mainly due to changes in variable compensation.

Interest, Fees and Bond Issue Cost Amortization Expense. Interest, fees and other bond amortization expense were \$34.9 million, \$30.6 million and \$31.2 million in 2019, 2018 and 2017, respectively. The changes in expense were primarily due to the movements in the floating interest rate related to the long term subordinated notes, which is reset quarterly per the note agreement. The floating rate was 4.3% as of December 31, 2019.

Income Tax Expense (Benefit). The Company had an income tax expense of \$135.2 million in 2019, an income tax benefit of \$367.0 million in 2018, and an income tax benefit of \$200.7 million in 2017. The TCJA impact was an income tax benefit of \$28.4 million and \$123.1 million in 2018 and 2017, respectively. Variations in income taxes generally result from changes in the relative levels of pre-tax income, including the impact of catastrophe losses and net capital gains (losses) as well as changes in tax exempt investment income and creditable foreign taxes. The change in income tax expense (benefit) was primarily due to the decrease in catastrophe losses from 2018 to 2019. In addition, the enactment of the TCJA on December 22, 2017 reduced the U.S. corporate income tax rate to 21% from 35%.

The Company completed its accounting and interpreted the additional guidance issued by the IRS and U.S. Department of Treasury, and recognized an income tax benefit of \$1.2 million primarily related to the 2018 tax return to provision true-up.

Net Income (Loss).

Our net income was \$629.7 million in 2019, our net loss was \$962.2 million in 2018 and our net income was \$79.9 million in 2017. The changes were primarily driven by the financial component fluctuations explained above.

Ratios.

Our combined ratio decreased by 29.8 points to 99.3% in 2019 compared to 129.1% in 2018. The loss ratio component decreased by 29.6 points in 2019 over the same period last year mainly due to a lower loss ratio on current year catastrophe losses and less unfavorable development on prior years catastrophe losses in 2019 compared to 2018. The commission and brokerage ratio component decreased slightly to 23.1% in 2019 compared to 23.6% in 2018, reflecting changes in affiliated reinsurance agreements and changes in the mix of business. The other underwriting expense ratio increased slightly to 6.4% in 2019 from 6.1% in 2018.

Our combined ratio increased by 0.6 points to 129.1% in 2018 compared to 128.5% in 2017. The loss ratio component decreased by 5.2 points in 2018 over the same period last year mainly due to a lower loss ratio on current year catastrophe losses and changes in affiliated reinsurance agreements, partially offset by higher unfavorable development on prior years catastrophe losses in 2018 compared to 2017. The commission and brokerage ratio component increased to 23.6% in 2018 compared to 10.8% in 2017, reflecting changes in affiliated reinsurance agreements and changes in the mix of business. The other underwriting expense ratio decreased to 6.1% in 2018 from 13.1% in 2017, mainly due to the impact of changes in affiliated reinsurance contracts.

Stockholder's Equity.

Stockholder's equity increased by \$820.6 million to \$5,857.4 million at December 31, 2019 from \$5,036.8 million at December 31, 2018, principally as a result of \$629.7 million of net income, \$180.6 million of net unrealized appreciation on investments, net of tax, \$17.2 million of net foreign currency translation adjustments and \$0.4 million of capital contributions, partially offset by \$7.1 million of net benefit plan obligation adjustments.

Stockholder's equity decreased by \$372.5 million to \$5,036.8 million at December 31, 2018 from \$5,409.3 million at December 31, 2017, principally as a result of \$962.2 million of net loss, \$90.9 million of net unrealized depreciation on investments, net of tax and \$36.4 million of net foreign currency translation adjustments, partially offset by \$712.3 million of capital contributions and \$4.5 million of net benefit plan obligation adjustments.

Consolidated Investment Results**Net Investment Income.**

Net investment income increased by 13.3% to \$356.2 million in 2019 compared to \$314.4 million in 2018. The increase in 2019 was primarily due to higher income from our growing fixed maturity portfolio, partially offset by lower income from our limited partnerships and lower dividend income from our equity portfolio.

Net investment income increased by 9.8% to \$314.4 million in 2018 compared to \$286.3 million in 2017. The increase in 2018 was primarily due to higher income from our limited partnerships and from our growing fixed maturity portfolio, partially offset by a lower dividend income from our equity portfolio.

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

(Dollars in millions)	Years Ended December 31,		
	2019	2018	2017
Fixed maturities	\$ 273.1	\$ 201.1	\$ 193.7
Equity securities	10.8	14.9	25.9
Short-term investments and cash	10.2	7.7	2.9
Other invested assets			
Limited partnerships	43.3	61.6	36.6
Dividends from preferred shares of affiliate	31.0	31.0	31.0
Other	14.1	17.8	6.7
Gross investment income before adjustments	382.6	334.2	296.8
Funds held interest income (expense)	6.5	5.2	5.0
Interest income from Parent	0.2	4.1	4.3
Gross investment income	389.3	343.5	306.0
Investment expenses	(33.1)	(29.1)	(19.8)
Net investment income	\$ 356.2	\$ 314.4	\$ 286.3

(Some amounts may not reconcile due to rounding.)

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

	2019	2018	2017
Imbedded pre-tax yield of cash and invested assets at December 31	3.5 %	3.5 %	3.4 %
Imbedded after-tax yield of cash and invested assets at December 31	2.8 %	2.8 %	2.7 %
Annualized pre-tax yield on average cash and invested assets	3.2 %	3.2 %	3.2 %
Annualized after-tax yield on average cash and invested assets	2.6 %	2.6 %	2.2 %

Net Realized Capital Gains (Losses).

The following table presents the composition of our net realized capital gains (losses) for the periods indicated:

(Dollars in millions)	Years Ended December 31,			2019/2018	2018/2017
	2019	2018	2017	Variance	Variance
Gains (losses) from sales:					
Fixed maturity securities, market value					
Gains	\$ 24.7	\$ 15.3	\$ 31.3	\$ 9.4	\$ (16.0)
Losses	(17.1)	(14.4)	(28.9)	(2.7)	14.5
Total	7.6	0.9	2.5	6.7	(1.6)
Fixed maturity securities, fair value					
Gains	0.4	—	—	0.4	—
Losses	—	(1.8)	—	1.8	(1.8)
Total	0.4	(1.8)	—	2.2	(1.8)
Equity securities, fair value					
Gains	14.2	25.2	23.2	(11.0)	2.0
Losses	(10.1)	(57.3)	(16.7)	47.2	(40.6)
Total	4.1	(32.1)	6.6	36.2	(38.7)
Other invested assets					
Gains	6.7	1.8	0.1	4.9	1.7
Losses	(0.7)	—	—	(0.7)	—
Total	6.0	1.8	0.1	4.2	1.7
Short Term Investments:					
Gains	0.2	—	—	0.2	—
Losses	—	—	—	—	—
Total	0.2	—	—	0.2	—
Total net realized gains (losses) from sales					
Gains	46.3	42.3	54.6	4.0	(12.3)
Losses	(27.9)	(73.5)	(45.6)	45.6	(27.9)
Total	18.4	(31.2)	9.1	49.6	(40.3)
Gain (loss) on sale of subsidiary:					
	—	—	—	—	—
Other than temporary impairments:					
	(19.6)	(6.2)	(6.1)	(13.4)	(0.1)
Gains (losses) from fair value adjustments:					
Fixed maturities, fair value	1.8	1.5	—	0.3	1.5
Equity securities, fair value	153.7	(59.4)	117.7	213.1	(177.1)
Other invested assets, fair value	265.2	(90.1)	40.8	355.3	(130.9)
Total	420.7	(148.0)	158.5	568.7	(306.5)
Total net realized gains (losses)	\$ 419.4	\$ (185.4)	\$ 161.6	\$ 604.8	\$ (347.0)

(Some amounts may not reconcile due to rounding.)

Net realized capital gains were \$419.4 million in 2019, net realized capital losses were \$185.4 million in 2018 and net realized capital gains were \$161.6 million in 2017. The net realized capital gains of \$419.4 million in 2019, were comprised of \$420.8 million of gains from fair value re-measurements, \$18.2 million of gains from sales of investments, partially offset by \$19.6 million of other-than-temporary impairments. The net realized capital losses of \$185.4 million in 2018 were comprised of \$148.0 million of losses from fair value re-measurements, \$31.2 million of losses from sales of investments and \$6.2 million of other-than-temporary impairments. The net realized capital gains of \$161.6 million in 2017 were comprised of \$158.5 million of gains from fair value re-measurements and \$9.1 million of gains from sales of investments, partially offset by \$6.1 million of other-than-temporary impairments.

Segment Results.

The U.S. Reinsurance operation writes property and casualty reinsurance and specialty lines of business, including Marine, Aviation, Surety and A&H business, on both a treaty and facultative basis, through reinsurance brokers, as well as directly with ceding companies primarily within the U.S. The International operation writes non-U.S. property and casualty reinsurance through Everest Re's branches in Canada, Singapore and through offices in Brazil, Miami and New Jersey. The Insurance operation writes property and casualty insurance directly, through brokers, surplus lines brokers and general agents mainly within the U.S.

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. We measure our underwriting results using ratios, in particular loss, commission and brokerage and other underwriting expense ratios, which respectively, divide incurred losses, commissions and brokerage and other underwriting expenses by premiums earned.

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 the re-evaluation is made.

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

U.S. Reinsurance.

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

(Dollars in millions)	Years Ended December 31,			2019/2018		2018/2017	
	2019	2018	2017	Variance	% Change	Variance	% Change
Gross written premiums	\$ 2,962.4	\$ 3,014.3	\$ 2,593.1	\$ (51.9)	(1.7)%	\$ 421.3	16.2%
Net written premiums	2,411.2	2,093.1	1,135.6	318.1	15.2%	957.5	84.3%
Premiums earned	\$ 2,369.1	\$ 1,979.9	\$ 858.2	\$ 389.2	19.7%	\$ 1,121.7	130.7%
Incurred losses and LAE	1,524.1	2,790.8	912.1	(1,266.7)	(45.4)%	1,878.7	206.0%
Commission and brokerage	703.3	568.4	160.3	134.9	23.7%	408.1	NM
Other underwriting expenses	68.8	60.3	55.9	8.5	14.1%	4.4	7.8%
Underwriting gain (loss)	\$ 72.9	\$ (1,439.5)	\$ (270.2)	\$ 1,512.5	-105.1%	\$ (1,169.4)	NM
					Point Chg		Point Chg
Loss ratio	64.3%	141.0%	106.3%		(76.7)		34.7
Commission and brokerage ratio	29.7%	28.7%	18.7%		1.0		10.0
Other underwriting expense ratio	2.9%	3.0%	6.5%		(0.1)		(3.5)
Combined ratio	96.9%	172.7%	131.5%		(75.8)		41.2

(Some amounts may not reconcile due to rounding)

Premiums. Gross written premiums decreased by 1.7% to \$2,962.4 million in 2019 from \$3,014.3 million in 2018, primarily due to a decline in treaty property business and lower reinstatement premiums, partially offset by an increase in treaty property writings. Net written premiums increased by 15.2% to \$2,411.2 million in 2019 compared to \$2,093.1 million in 2018. The difference between the change in gross written premiums compared to the change in net written premiums is primarily due to the impact of changes in affiliated reinsurance contracts. Premiums earned increased 19.7% to \$2,369.1 million in 2019 compared to \$1,979.9 million in 2018. 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.

Gross written premiums increased by 16.2% to \$3,014.3 million in 2018 from \$2,593.1 million in 2017, primarily due to an increase in treaty property and treaty casualty writings as well as growth in the mortgage business. Net written premiums increased by 84.3% to \$2,093.1 million in 2018 compared to \$1,135.6 million in 2017. The difference between the change in gross written premiums compared to the change in net written premiums is primarily due to the impact of changes in affiliated reinsurance contracts, including the non-renewal of the quota share agreement with Bermuda Re as of December 31, 2017 and the implementation of an aggregate stop loss agreement with Bermuda Re for 2018. Premiums earned increased 130.7% to \$1,979.9 million in 2018 compared to \$858.2 million in 2017. The change in premiums earned relative to net written premiums is partially due to the impact of the non-renewal of the quota share contract between Everest Re and Bermuda Re and is also 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 table presents the incurred losses and LAE for the U.S. Reinsurance segment for the periods indicated.

(Dollars in millions)	Years Ended December 31,					
	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2019						
Attritional	\$ 1,421.7	60.0%	\$ (11.9)	(0.5)%	\$ 1,409.8	59.5%
Catastrophes	119.0	5.0%	(4.8)	(0.2)%	114.2	4.8%
Total segment	\$ 1,540.7	65.0%	\$ (16.7)	(0.7)%	\$ 1,524.1	64.3%
2018						
Attritional	\$ 1,378.5	69.7%	\$ 5.8	0.3%	\$ 1,384.3	70.0%
Catastrophes	952.2	48.1%	454.3	22.9%	1,406.5	71.0%
Total segment	\$ 2,330.7	117.8%	\$ 460.1	23.2%	\$ 2,790.8	141.0%
2017						
Attritional	\$ 522.3	61.0%	\$ (80.4)	(9.4)%	\$ 441.9	51.6%
Catastrophes	485.2	56.5%	(15.1)	(1.8)%	470.2	54.7%
Total segment	\$ 1,007.5	117.5%	\$ (95.5)	(11.2)%	\$ 912.1	106.3%
Variance 2019/2018						
Attritional	\$ 43.2	(9.7) pts	\$ (17.7)	(0.8) pts	\$ 25.5	(10.5) pts
Catastrophes	(833.2)	(43.1) pts	(459.1)	(23.1) pts	(1,292.3)	(66.2) pts
Total segment	\$ (790.0)	(52.8) pts	\$ (476.8)	(23.9) pts	\$ (1,266.7)	(76.7) pts
Variance 2018/2017						
Attritional	\$ 856.2	8.7 pts	\$ 86.2	9.7 pts	\$ 942.4	18.4 pts
Catastrophes	467.0	(8.4) pts	469.4	24.7 pts	936.3	16.3 pts
Total segment	\$ 1,323.2	0.3 pts	\$ 555.6	34.4 pts	\$ 1,878.7	34.7 pts

(Some amounts may not reconcile due to rounding.)

Incurred losses decreased by 45.4% to \$1,524.1 million in 2019 compared to \$2,790.8 million in 2018. The decrease was primarily due to a decline of \$833.2 million in current year catastrophe losses and \$459.1 million less of unfavorable development on prior year catastrophe losses in 2019 compared to 2018, primarily related to development on Hurricane Harvey, Irma and Maria and the 2017 California wildfires in 2018. The increases in loss estimates in 2018 for Hurricane Harvey, Irma and Maria were mostly driven by re-opened claims reported in the second quarter of 2018 and loss inflation from higher than expected loss adjustment expenses and in particular, their impact on aggregate covers. The current year catastrophe losses of \$119.0 million in 2019 primarily related to Typhoon Faxai (\$35.5 million), Typhoon Hagibis (\$34.6 million), the Dallas tornadoes (\$25.0 million) and Hurricane Dorian (\$24.0 million). The current year catastrophe losses of \$952.2 million in 2018 primarily related to Hurricane Michael (\$416.5 million), Camp wildfire (\$297.0 million), Woolsey wildfire (\$151.0 million), Hurricane Florence (\$49.3 million), other 2018 California wildfires (\$23.1 million), Typhoon Jebi (\$6.5 million), Japan Floods (\$5.5 million), Typhoon Trami (\$2.0 million) and the U.S. winter storms (\$1.3 million).

Incurred losses increased by 206.0% to \$2,790.8 million in 2018 compared to \$912.1 million in 2017. The increase was primarily due to a rise of \$856.2 million in current year attritional losses mainly due to the impact of the increase in premiums earned resulting primarily from changes in affiliated reinsurance agreements, including the non-renewal of the quota share agreement with Bermuda Re as of December 31, 2017 and the implementation of an aggregate stop loss agreement with Bermuda Re as of January 1, 2018. The increase in incurred losses also resulted from an increase of \$467.0 million in current year catastrophe losses and

\$454.3 million of unfavorable development on prior years catastrophe losses in 2018 primarily related to Hurricane Harvey, Irma and Maria and the 2017 California wildfires. The increases in loss estimates for Hurricane Harvey, Irma and Maria were mostly driven by re-opened claims reported in the second quarter of 2018 and loss inflation from higher than expected loss adjustment expenses and in particular, their impact on aggregate covers. The current year catastrophe losses of \$952.2 million in 2018 are outlined above. The current year catastrophe losses of \$485.2 million in 2017 related to Hurricane Irma (\$200.5 million), Hurricane Harvey (\$185.4 million), the Northern California wildfires (\$73.6 million), Hurricane Maria (\$20.8 million), the Southern California wildfires (\$3.6 million) and the 2017 US Midwest storms (\$2.6 million).

Segment Expenses. Commission and brokerage increased to \$703.3 million in 2019 compared to \$568.4 million in 2018. The increase was mainly due to changes in affiliated reinsurance agreements, the impact of the increase in premiums earned and changes in the mix of business. Segment other underwriting expenses increased to \$68.8 million in 2019 from \$60.3 million in 2018, mainly due to the impact of changes in affiliated reinsurance contracts and the impact of the increases in premiums earned.

Commission and brokerage increased to \$568.4 million in 2018 compared to \$160.3 million in 2017. The increase was mainly due to changes in affiliated reinsurance agreements, including the non-renewal of the quota share agreement with Bermuda Re as of December 31, 2017, the impact of the increases in premiums earned and changes in the mix of business towards additional pro rata business. Segment other underwriting expenses increased to \$60.3 million in 2018 from \$55.9 million in 2017, mainly due to the impact of changes in affiliated reinsurance contracts and the impact of the increases in premiums earned.

International.

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

(Dollars in millions)	Years Ended December 31,			2019/2018		2018/2017	
	2019	2018	2017	Variance	% Change	Variance	% Change
Gross written premiums	\$ 1,638.0	\$ 1,555.2	\$ 1,339.5	\$ 82.7	5.3%	\$ 215.7	16.1%
Net written premiums	1,512.6	1,426.6	615.4	86.0	6.0%	811.2	131.8%
Premiums earned	\$ 1,427.1	\$ 1,406.5	\$ 502.3	\$ 20.6	1.5%	\$ 904.2	180.0%
Incurred losses and LAE	1,168.6	1,020.9	622.8	147.7	14.5%	398.2	63.9%
Commission and brokerage	324.0	355.5	101.9	(31.5)	(8.9)%	253.6	248.8%
Other underwriting expenses	41.2	37.7	36.3	3.5	9.3%	1.4	3.8%
Underwriting gain (loss)	\$ (106.8)	\$ (7.7)	\$ (258.7)	\$ (99.1)	NM	\$ 251.0	-97.0%
					Point Chg		Point Chg
Loss ratio	81.9%	72.6%	124.0%		9.3		(51.4)
Commission and brokerage ratio	22.7%	25.3%	20.3%		(2.6)		5.0
Other underwriting expense ratio	2.9%	2.6%	7.2%		0.3		(4.6)
Combined ratio	107.5%	100.5%	151.5%		7.0		(51.0)

(Some amounts may not reconcile due to rounding)

(NM, not meaningful)

Premiums. Gross written premiums increased by 5.3% to \$1,638.0 million in 2019 compared to \$1,555.2 million in 2018, primarily due to increases in business written through our Canada and Singapore branches, partially offset by the negative impact of \$25.0 million from the movement of foreign exchange rates. Net written premiums increased by 6.0% to \$1,512.6 million in 2019 compared to \$1,426.6 million in 2018, which is consistent with the change in gross written premiums. Premiums earned increased 1.5% to \$1,427.1 million in 2019 compared to \$1,406.5 million in 2018. The change in premiums earned 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.

Gross written premiums increased by 16.1% to \$1,555.2 million in 2018 compared to \$1,339.5 million in 2017, primarily due to increases in Latin American business and business written through our Canada and Singapore branches, partially offset by the negative impact of \$20.6 million from the movement of foreign exchange rates. Net written premiums increased by 131.8% to \$1,426.6 million in 2018 compared to \$615.4 million in 2017. The difference between the change in gross written premiums compared to the change in net written premiums is primarily due to the impact of changes in affiliated reinsurance contracts including the non-renewal of the quota share agreement with Bermuda Re as of December 31, 2017. Premiums earned increased 180.0% to \$1,406.5 million in 2018 compared to \$502.3 million in 2017. The change in premiums earned relative to net written premiums is partially due to the impact of the non-renewal of the quota share contract between Everest Re and Bermuda Re and is also 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 table presents the incurred losses and LAE for the International segment for the periods indicated.

(Dollars in millions)	Years Ended December 31,					
	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2019						
Attritional	\$ 718.4	50.3%	\$ (3.6)	(0.3)%	\$ 714.8	50.0%
Catastrophes	390.3	27.3%	63.5	4.4%	453.8	31.8%
Total segment	\$ 1,108.7	77.6%	\$ 59.9	4.2%	\$ 1,168.6	81.9%
2018						
Attritional	\$ 751.5	53.4%	\$ —	—%	\$ 751.5	53.4%
Catastrophes	165.3	11.8%	104.1	7.4%	269.4	19.2%
Total segment	\$ 916.8	65.2%	\$ 104.1	7.4%	\$ 1,020.9	72.6%
2017						
Attritional	\$ 255.0	50.8%	\$ 11.6	2.3%	\$ 266.6	53.1%
Catastrophes	357.2	71.1%	(1.0)	(0.2)%	356.2	70.9%
Total segment	\$ 612.2	121.9%	\$ 10.6	2.1%	\$ 622.8	124.0%
Variance 2019/2018						
Attritional	\$ (33.1)	(3.1) pts	\$ (3.6)	(0.3) pts	\$ (36.7)	(3.4) pts
Catastrophes	225.0	15.5 pts	(40.6)	(3.0) pts	184.4	12.6 pts
Total segment	\$ 191.9	12.4 pts	\$ (44.2)	(3.2) pts	\$ 147.7	9.3 pts
Variance 2018/2017						
Attritional	\$ 496.5	2.6 pts	\$ (11.6)	(2.3) pts	\$ 484.9	0.3 pts
Catastrophes	(191.9)	(59.3) pts	105.1	7.6 pts	(86.8)	(51.7) pts
Total segment	\$ 304.6	(56.7) pts	\$ 93.5	5.3 pts	\$ 398.1	(51.4) pts

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE increased by 14.5% to \$1,168.6 million in 2019 compared to \$1,020.9 million in 2018, primarily due to an increase of \$225.0 million in current year catastrophe losses, partially offset by a decrease of \$33.1 million in current year attritional losses and \$40.6 million less of unfavorable development in 2019 compared to 2018. The \$390.3 million of current year catastrophe losses primarily related to Typhoon Hagibis (\$149.4 million), Hurricane Dorian (\$133.0 million), Typhoon Faxai (\$83.8 million) and the Townsville

Monsoon in Australia (\$24.1 million). The current year catastrophe losses of \$165.3 million in 2018 primarily related to Typhoon Jebi (\$60.1 million), Cyclone Mekunu (\$43.7 million), Australia hailstorm (\$24.0 million), Typhoon Trami (\$23.0 million), Japan Floods (\$9.5 million), Hurricane Michael (\$3.0 million) and Hurricane Florence (\$2.0 million).

Incurred losses and LAE increased by 63.9% to \$1,020.9 million in 2018 compared to \$622.8 million in 2017, primarily due to an increase of \$496.5 million in current year attritional losses related to the increase in premiums earned resulting primarily from changes in affiliated reinsurance agreements, including the non-renewal of the quota share agreement with Bermuda Re as of December 31, 2017, as well as \$104.1 million of unfavorable development on prior years catastrophe losses, mainly related to Hurricane Harvey, Irma and Maria and the 2017 Mexico earthquake. The increase was partially offset by a decrease of \$191.9 million in current year catastrophe losses. The current year catastrophe losses of \$165.3 million in 2018 are outlined above. The current year catastrophe losses of \$357.2 million in 2017 related to Hurricane Maria (\$238.6 million), Hurricane Irma (\$79.2 million), the Mexico City earthquake (\$10.2 million), the South Africa Knysna fires (\$9.9 million), Cyclone Debbie in Australia (\$8.4 million), the Peru storms (\$7.4 million) and Hurricane Harvey (\$3.4 million).

Segment Expenses. Commission and brokerage decreased to \$324.0 million in 2019 compared to \$355.5 million in 2018. The decrease was mainly due to changes in affiliated reinsurance agreements and changes in the mix of business. Segment other underwriting expenses increased to \$41.2 million in 2019 from \$37.7 million in 2018 mainly due to changes in affiliated reinsurance agreements and higher variable compensation.

Commission and brokerage increased to \$355.5 million in 2018 compared to \$101.9 million in 2017. The increase was mainly due to changes in affiliated reinsurance agreements, including the non-renewal of the quota share agreement with Bermuda Re as of December 31, 2017, the impact of increases in premiums earned and changes in the mix of business. Segment other underwriting expenses increased slightly to \$37.7 million in 2018 from \$36.3 million in 2017.

Insurance.

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

(Dollars in millions)	Years Ended December 31,			2019/2018		2018/2017	
	2019	2018	2017	Variance	% Change	Variance	% Change
Gross written premiums	\$ 2,452.7	\$ 2,004.1	\$ 1,855.9	\$ 448.6	22.4%	\$ 148.2	8.0%
Net written premiums	1,851.2	1,512.2	972.8	339.0	22.4%	539.3	55.4%
Premiums earned	\$ 1,692.9	\$ 1,452.7	\$ 589.1	\$ 240.2	16.5%	\$ 863.6	146.6%
Incurred losses and LAE	1,136.4	999.3	504.9	137.2	13.7%	494.4	97.9%
Commission and brokerage	242.8	217.8	(51.3)	25.0	11.5%	269.1	NM
Other underwriting expenses	240.9	195.4	162.7	45.4	23.2%	32.7	20.1%
Underwriting gain (loss)	\$ 72.8	\$ 40.2	\$ (27.1)	\$ 32.7	81.3%	\$ 67.3	(248.0)%
					Point Chg		Point Chg
Loss ratio	67.1%	68.8%	85.7%		(1.7)		(16.9)
Commission and brokerage ratio	14.3%	15.0%	(8.7)%		(0.7)		23.7
Other underwriting expense ratio	14.3%	13.4%	27.6%		0.9		(14.2)
Combined ratio	95.7%	97.2%	104.6%		(1.5)		(7.4)

(Some amounts may not reconcile due to rounding)

(NM, not meaningful)

Premiums. Gross written premiums increased by 22.4% to \$2,452.7 million in 2019 compared to \$2,004.1 million in 2018. This increase was related to most lines of business including casualty, energy and accident and health. Net written premiums increased by 22.4% to \$1,851.2 million in 2019 compared to \$1,512.2 million in 2018 which is consistent with the change in gross written premiums. Premiums earned increased 16.5% to \$1,692.9 million in 2019 compared to \$1,452.7 million in 2018. The change in premiums earned 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.

Gross written premiums increased by 8.0% to \$2,004.1 million in 2018 compared to \$1,855.9 million in 2017. This increase was related to most lines of business including casualty, energy and accident and health. Net written premiums increased by 55.4% to \$1,512.2 million in 2018 compared to \$972.8 million in 2017. The difference between the change in gross written premiums compared to the change in net written premiums is primarily due to the impact of affiliated reinsurance agreements, including the impact of the non-renewal of the quota share agreement between Everest Re and Bermuda Re. Premiums earned increased 146.6% to \$1,452.7 million in 2018 compared to \$589.1 million in 2017. The change in premiums earned relative to net written premiums is partially due to the impact of the non-renewal of the quota share contract between Everest Re and Bermuda Re and is also 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 table presents the incurred losses and LAE for the Insurance segment for the periods indicated.

(Dollars in millions)	Years Ended December 31,					
	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2019						
Attritional	\$ 1,131.3	66.8%	\$ (0.5)	—%	\$ 1,130.8	66.8%
Catastrophes	4.0	0.2%	1.7	0.1%	5.7	0.3%
Total segment	\$ 1,135.3	67.0%	\$ 1.2	0.1%	\$ 1,136.4	67.1%
2018						
Attritional	\$ 962.6	66.3%	\$ —	—%	\$ 962.6	66.3%
Catastrophes	42.1	2.9%	(5.4)	(0.4)%	36.7	2.5%
Total segment	\$ 1,004.7	69.2%	\$ (5.4)	(0.4)%	\$ 999.3	68.8%
2017						
Attritional	\$ 423.4	71.9%	\$ (33.5)	(5.7)%	\$ 389.9	66.2%
Catastrophes	114.5	19.4%	0.6	0.1%	115.0	19.5%
Total segment	\$ 537.9	91.3%	\$ (32.9)	(5.6)%	\$ 504.9	85.7%
Variance 2019/2018						
Attritional	\$ 168.7	0.5 pts	\$ (0.5)	— pts	\$ 168.2	0.5 pts
Catastrophes	(38.1)	(2.7) pts	7.1	0.5 pts	(31.0)	(2.2) pts
Total segment	\$ 130.6	(2.2) pts	\$ 6.6	0.5 pts	\$ 137.1	(1.7) pts
Variance 2018/2017						
Attritional	\$ 539.2	(5.6) pts	\$ 33.5	5.7 pts	\$ 572.7	0.1 pts
Catastrophes	(72.4)	(16.5) pts	(6.0)	(0.5) pts	(78.3)	(17.0) pts
Total segment	\$ 466.8	(22.1) pts	\$ 27.5	5.2 pts	\$ 494.4	(16.9) pts

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE increased by 13.7% to \$1,136.4 million in 2019 compared to \$999.3 million in 2018, mainly due to an increase of \$168.7 million in current year attritional losses, resulting from the impact of the increase in premiums earned, partially offset by a decrease of \$38.1 million in current year catastrophe losses. The current year catastrophe losses of \$4.0 million in 2019 primarily related to Hurricane Dorian (\$4.0 million). The current year catastrophe losses of \$42.1 million in 2018 primarily related to Hurricane Michael (\$24.0 million), Hurricane Florence (\$9.5 million), the U.S. winter storms (\$7.1 million) and other 2018 California wildfires (\$1.5 million).

Incurred losses and LAE increased by 97.9% to \$999.3 million in 2018 compared to \$504.9 million in 2017, mainly due to an increase of \$539.2 million in current year attritional losses, resulting from the impact of the increase in premiums earned resulting primarily from changes in affiliated reinsurance agreements, including the non-renewal of the quota share agreement with Bermuda Re as of December 31, 2017. The increase was partially offset by a decrease of \$72.4 million in current year catastrophe losses. The current year catastrophe losses of \$42.1 million in 2018 are outlined above. The current year catastrophe losses of \$114.5 million in 2017 primarily related to Hurricane Irma (\$53.9 million), Hurricane Harvey (\$47.0 million), Hurricane Maria (\$8.7 million), the 2017 US Midwest storms (\$2.4 million), the Northern California wildfires (\$1.7 million) and the Southern California wildfires (\$0.8 million).

Segment Expenses. Commission and brokerage increased to \$242.8 million in 2019 compared to \$217.8 million in 2018. The increase was mainly due to changes in affiliated reinsurance agreements and the impact of increases in premiums earned. Segment other underwriting expenses increased to \$240.9 million in 2019 compared to \$195.4 million in 2018. The increases were mainly due to the impact of the increases in premiums earned and expenses related to the continued build out of the insurance business.

Commission and brokerage increased to \$217.8 million in 2018 compared to (\$51.3) million in 2017. The increase was mainly due to changes in affiliated reinsurance agreements, including the non-renewal of the quota share agreement with Bermuda Re as of December 31, 2017, the impact of increases in premiums earned and changes in the mix of business. Segment other underwriting expenses increased to \$195.4 million in 2018 compared to \$162.7 million in 2017. The increases were mainly due to the impact of the increases in premiums earned and expenses related to the continued build out of the insurance business.

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 information regarding our reserves for losses and LAE, the impact of the TCJA, the adequacy of our provision for uncollectible balances, estimates of our catastrophe exposure, the effects of catastrophic events on our financial statements and the ability of our subsidiaries 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". 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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Sensitive Instruments.

The SEC's 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, taxable and tax-preferenced fixed maturity portfolio, while maintaining an adequate level of liquidity. Our mix of taxable and tax-preferenced investments is adjusted periodically, consistent with our current and projected

operating results, market conditions and our tax position. The fixed maturity securities in the investment portfolio are comprised of non-trading available for sale 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 \$12.0 billion investment portfolio, at December 31, 2019, 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, it includes prepayment risk on the \$975.3 million of mortgage-backed securities in the \$7,497.9 million 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 \$279.9 million 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 estimate on mortgage-backed securities, changes in prepayment expectations under different interest rate environments were taken into account. For legal entities with 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 December 31, 2019					
(Dollars in millions)	-200	-100	0	100	200
Total Market/Fair Value	\$ 8,314.4	\$ 8,046.1	\$ 7,777.8	\$ 7,509.5	\$ 7,241.2
Market/Fair Value Change from Base (%)	6.9 %	3.4 %	- %	-3.4 %	-6.9 %
Change in Unrealized Appreciation					
After-tax from Base (\$)	\$ 423.9	\$ 211.9	\$ —	\$ (211.9)	\$ (423.9)

Impact of Interest Rate Shift in Basis Points					
At December 31, 2018					
(Dollars in millions)	-200	-100	0	100	200
Total Market/Fair Value	\$ 7,505.3	\$ 7,320.6	\$ 7,138.5	\$ 6,957.6	\$ 6,778.5
Market/Fair Value Change from Base (%)	5.1 %	2.6 %	- %	-2.5 %	-5.0 %
Change in Unrealized Appreciation					
After-tax from Base (\$)	\$ 289.7	\$ 143.9	\$ —	\$ (143.0)	\$ (284.4)

We had \$10,209.5 million and \$10,167.0 million of gross reserves for losses and LAE as of December 31, 2019 and December 31, 2018, 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 that is reasonably consistent with our fixed income portfolio.

Equity Risk. Equity risk is the potential change in fair and/or market 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. 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/market value and after-tax change in fair/market value of a 10% and 20% change in equity prices up and down for the periods indicated.

Impact of Percentage Change in Equity Fair/Market Values					
At December 31, 2019					
(Dollars in millions)	-20%	-10%	0%	10%	20%
Fair/Market Value of the Equity Portfolio	\$ 611.2	\$ 687.6	\$ 764.0	\$ 840.5	\$ 916.9
After-tax Change in Fair/Market Value	(120.7)	(60.4)	—	60.4	120.7

Impact of Percentage Change in Equity Fair/Market Values					
At December 31, 2018					
(Dollars in millions)	-20%	-10%	0%	10%	20%
Fair/Market Value of the Equity Portfolio	\$ 451.5	\$ 507.9	\$ 564.3	\$ 620.8	\$ 677.2
After-tax Change in Fair/Market Value	(89.2)	(44.6)	—	44.6	89.2

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. ("foreign") operations maintains capital in the currency of the country of its geographic location consistent with local regulatory guidelines. Each foreign 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 foreign operations are the Singapore and Canadian Dollars. 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 market 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.

The tables below display the potential impact of a parallel and immediate 10% and 20% increase and decrease in foreign exchange rates on the valuation of invested assets subject to foreign currency exposure for the periods indicated. This analysis includes the after-tax impact of translation from transactional currency to functional currency as well as the after-tax impact of translation from functional currency to the U.S. dollar reporting currency.

(Dollars in millions)	Change in Foreign Exchange Rates in Percent				
	At December 31, 2019				
	-20%	-10%	0%	10%	20%
Total After-tax Foreign Exchange Exposure	\$ (159.4)	\$ (79.7)	\$ —	\$ 79.7	\$ 159.4

(Dollars in millions)	Change in Foreign Exchange Rates in Percent				
	At December 31, 2018				
	-20%	-10%	0%	10%	20%
Total After-tax Foreign Exchange Exposure	\$ (166.9)	\$ (83.4)	\$ —	\$ 83.4	\$ 166.9

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and schedules listed in the accompanying Index to Financial Statements and Schedules on page F-1 are filed as part of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934 (the Exchange Act), our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2019. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework* (2013). Based on our assessment we concluded that, as of December 31, 2019, our internal control over financial reporting is effective based on those criteria.

Attestation Report of the Registered Public Accounting Firm

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's internal controls are not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report due to the Company's status as a non-accelerated filer.

Changes in Internal Control Over Financial Reporting

As required by Rule 13a-15(d) of the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated our internal control over financial reporting to determine whether any changes occurred during the fourth fiscal quarter covered by this annual 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 fourth quarter.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information for Item 10 is not required pursuant to General Instruction I(2) of Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Information for Item 11 is not required pursuant to General Instruction I(2) of Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information for Item 12 is not required pursuant to General Instruction I(2) of Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information for Item 13 is not required pursuant to General Instruction I(2) of Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The PricewaterhouseCoopers LLP (and its worldwide affiliates) fees incurred are as follows for the periods indicated:

(Dollars in thousands)		2019	2018
(1)	Audit Fees	\$ 2,902.1	\$ 2,691.7
(2)	Audit-Related Fees	181.6	159.8
(3)	Tax Fees	497.0	172.0
(4)	All Other Fees	17.5	14.0

Audit fees include the annual audit and quarterly financial statement reviews, subsidiary audits, and procedures required to be performed by the independent auditor to be able to form an opinion on our consolidated financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit or quarterly review. Audit fees may also include statutory audits or financial audits for our subsidiaries or affiliates and services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

Audit-related fees include assurance and related services that are reasonably related to the performance of the audit or review of our financial statements, including due diligence services pertaining to potential business acquisitions/dispositions, accounting consultations related to accounting, financial reporting or disclosure matters not classified as "audit services"; assistance with understanding and implementing new accounting and financial reporting guidance from rule making authorities; financial audits of employee benefit plans; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters and assistance with internal control reporting requirements.

Tax fees include tax compliance, tax planning and tax advice and is granted general pre-approval by Group's Audit Committee.

All other fees represent an accounting research subscription and software.

Under its Charter and the "Audit and Non-Audit Services Pre-Approval Policy" (the "Policy"), the Audit Committee is required to pre-approve the audit and non-audit services to be performed by the independent auditors. The Policy mandates specific approval by the Audit Committee for any service that has not received a

INDEX TO EXHIBITS

Exhibit No.

- 2.1 [Agreement and Plan of Merger among Everest Reinsurance Holdings, Inc., Everest Re Group, Ltd. and Everest Re Merger Corporation, incorporated herein by reference to Exhibit 2.1 to the Registration Statement on Form S-4 \(No. 333-87361\)](#)
- 3.1 [Certificate of Incorporation of Everest Reinsurance Holdings, Inc., incorporated herein by reference to Exhibit 4.1 to the Registration Statement on Form S-8 \(No. 333-05771\)](#)
- 3.2 [By-Laws of Everest Reinsurance Holdings, Inc., incorporated herein by reference to Exhibit 3.2 to the Everest Reinsurance Holdings, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2000.](#)
- 4.1 [Indenture, dated March 14, 2000, between Everest Reinsurance Holdings, Inc. and The Chase Manhattan Bank, as Trustee, incorporated herein by reference to Exhibit 4.1 to Everest Reinsurance Holdings, Inc. Form 8-K filed on March 15, 2000.](#)
- 4.2 [Fourth Supplemental Indenture relating to Holdings \\$400.0 million 4.868% Senior Notes due June 1, 2044, dated June 5 2014, between Holdings and the Bank of New York Mellon, as Trustee, incorporated herein by reference to Exhibit 4.1 to Everest Reinsurance Holdings, Inc. Form 8-K filed on July 5, 2014.](#)
- 10.1 [Completion of Tender Offer relating to Everest Reinsurance Holdings, Inc. 6.60% Fixed to Floating Rate Long Term Subordinated Notes \(LoTSSM\) dated March 19, 2009, incorporated herein by reference to Exhibit 99.1 to Everest Re Group, Ltd. Form 8-K filed on March 31, 2009.](#)
- *10.2 [Employment agreement between Everest Global Services, Inc., Everest Reinsurance Holdings Inc. and Dominic J. Adesso, dated December 4, 2015, incorporated herein by reference to Exhibit 10.1 to Everest Re Group, Ltd. Form 8-K filed on December 8, 2015.](#)
- *10.3 [Employment agreement between Everest National Insurance Company and Jonathan M. Zaffino, dated September 8, 2017, incorporated herein by reference to Exhibit 10.1 to Everest Re Group, Ltd. Form 8-K filed on September 12, 2017.](#)
- *10.4 [Amendment of employment agreement between Everest Global Services, Inc., Everest Re Group, Ltd., Everest Reinsurance Holdings Inc. and Dominic J. Adesso, dated November 20, 2017, incorporated herein by reference to Exhibit 10.1 to Everest Re Group, Ltd. Form 8-K filed November 20, 2017.](#)
- *10.5 [Employment agreement between Everest Re Group Ltd., Everest Global Services, Inc., Everest Reinsurance Holdings Inc. and Juan C Andrade, dated August 1, 2019, incorporated herein by reference to Exhibit 10.1 to Everest Re Group, Ltd. Form 8-K filed August 8, 2019.](#)

23.1	Consent of PricewaterhouseCoopers LLP, filed herewith
31.1	Section 302 Certification of Juan C. Andrade, filed herewith
31.2	Section 302 Certification of Craig Howie, filed herewith
32.1	Section 906 Certification of Juan C. Andrade and Craig Howie, filed herewith
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 Label Linkbase
101 PRE	XBRL Taxonomy Extension Presentation Linkbase

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Schedules other than those listed above are omitted for the reason that they are not applicable or the information is otherwise contained in the Financial Statements.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder of Everest Reinsurance Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Everest Reinsurance Holdings, Inc. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations and comprehensive income (loss), of changes in stockholder's equity and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes and financial statement schedules listed in the index appearing on page F-1 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
New York, New York
March 27, 2020

We have served as the Company's auditor since 1996.

EVEREST REINSURANCE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share amounts and par value per share)

	December 31,	
	2019	2018
ASSETS:		
Fixed maturities - available for sale, at market value (amortized cost: 2019, \$7,334,425; 2018, \$7,032,749)	\$ 7,492,079	\$ 6,962,075
Fixed maturities - available for sale, at fair value	5,826	2,337
Equity securities, at fair value	764,049	564,338
Short-term investments (cost: 2019, \$279,824; 2018, \$174,155)	279,879	174,131
Other invested assets (cost: 2019, \$1,020,766; 2018, \$882,647)	1,020,766	882,647
Other invested assets, at fair value	1,982,582	1,717,336
Cash	411,122	404,522
Total investments and cash	11,956,303	10,707,386
Note receivable - affiliated	300,000	-
Accrued investment income	54,383	47,232
Premiums receivable	1,337,344	1,471,805
Reinsurance receivables - unaffiliated	1,318,820	1,295,961
Reinsurance receivables - affiliated	3,125,269	3,544,975
Income taxes	65,793	411,994
Funds held by reinsureds	228,297	228,556
Deferred acquisition costs	388,238	353,630
Prepaid reinsurance premiums	413,612	328,796
Other assets	518,127	289,962
TOTAL ASSETS	\$ 19,706,186	\$ 18,680,297
LIABILITIES:		
Reserve for losses and loss adjustment expenses	\$ 10,209,519	\$ 10,167,018
Unearned premium reserve	2,198,932	1,826,868
Funds held under reinsurance treaties	41,233	41,600
Other net payable to reinsurers	267,367	316,826
Losses in course of payment	70,541	117,844
Senior notes due 6/1/2044	397,074	396,954
Long term notes due 5/1/2067	236,758	236,659
Note payable - affiliated	-	300,000
Accrued interest on debt and borrowings	2,878	3,093
Unsettled securities payable	25,230	50,912
Other liabilities	399,229	185,766
Total liabilities	13,848,761	13,643,540
Commitments and Contingencies (Note 15)		
STOCKHOLDER'S EQUITY:		
Common stock, par value: \$0.01; 3,000 shares authorized; 1,000 shares issued and outstanding (2019 and 2018)	-	-
Additional paid-in capital	1,100,678	1,100,315
Accumulated other comprehensive income (loss), net of deferred income tax expense (benefit) of \$16,997 at 2019 and (\$33,506) at 2018	64,324	(126,254)
Retained earnings	4,692,423	4,062,696
Total stockholder's equity	5,857,425	5,036,757
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 19,706,186	\$ 18,680,297

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

EVEREST REINSURANCE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
REVENUES:			
Premiums earned	\$ 5,489,035	\$ 4,839,058	\$ 1,949,595
Net investment income	356,211	314,381	286,259
Net realized capital gains (losses):			
Other-than-temporary impairments on fixed maturity securities	(19,643)	(6,164)	(6,077)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	-	-	-
Other net realized capital gains (losses)	439,010	(179,192)	167,630
Total net realized capital gains (losses)	419,367	(185,356)	161,553
Other income (expense)	(1,589)	(9,568)	25,866
Total revenues	6,263,024	4,958,515	2,423,273
CLAIMS AND EXPENSES:			
Incurred losses and loss adjustment expenses	3,829,122	4,811,018	2,039,751
Commission, brokerage, taxes and fees	1,270,053	1,141,714	210,925
Other underwriting expenses	350,901	293,347	254,886
Corporate expenses	13,063	11,034	7,394
Interest, fee and bond issue cost amortization expense	34,931	30,611	31,183
Total claims and expenses	5,498,070	6,287,724	2,544,139
INCOME (LOSS) BEFORE TAXES	764,955	(1,329,209)	(120,866)
Income tax expense (benefit)	135,228	(367,025)	(200,736)
NET INCOME (LOSS)	\$ 629,727	\$ (962,184)	\$ 79,870
Other comprehensive income (loss), net of tax:			
Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period	175,482	(92,966)	(10,536)
Less: reclassification adjustment for realized losses (gains) included in net income (loss)	5,080	2,021	2,303
Total URA(D) on securities arising during the period	180,562	(90,945)	(8,233)
Foreign currency translation adjustments	17,153	(36,431)	37,427
Benefit plan actuarial net gain (loss) for the period	(12,591)	(510)	1,027
Reclassification adjustment for amortization of net (gain) loss included in net income (loss)	5,453	5,021	5,477
Total benefit plan net gain (loss) for the period	(7,138)	4,511	6,504
Total other comprehensive income (loss), net of tax	190,577	(122,865)	35,698
COMPREHENSIVE INCOME (LOSS)	\$ 820,304	\$ (1,085,049)	\$ 115,568

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

EVEREST REINSURANCE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDER'S EQUITY

	Years Ended December 31,		
	2019	2018	2017
(Dollars in thousands, except share amounts)			
COMMON STOCK (shares outstanding):			
Balance, January 1	1,000	1,000	1,000
Balance, December 31	1,000	1,000	1,000
ADDITIONAL PAID-IN CAPITAL:			
Balance, January 1	\$ 1,100,315	\$ 387,841	\$ 387,567
Capital contribution from parent	-	712,253	-
Share-based compensation plans	363	221	274
Balance, December 31	1,100,678	1,100,315	387,841
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS), NET OF DEFERRED INCOME TAXES:			
Balance, January 1	(126,254)	(942)	(36,315)
Change to beginning balance due to adoption of ASU 2016-01	-	(2,447)	-
Reclass due to early adoption of ASU 2018-02	-	-	(325)
Net increase (decrease) during the period	190,577	(122,865)	35,698
Balance, December 31	64,324	(126,254)	(942)
RETAINED EARNINGS:			
Balance, January 1	4,062,696	5,022,433	4,942,239
Change to beginning balance due to adoption of ASU 2016-01	-	2,447	-
Reclass due to early adoption of ASU 2018-02	-	-	325
Net income (loss)	629,727	(962,184)	79,870
Balance, December 31	4,692,423	4,062,696	5,022,433
TOTAL STOCKHOLDER'S EQUITY, December 31	\$ 5,857,425	\$ 5,036,757	\$ 5,409,332

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

EVEREST REINSURANCE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 629,727	\$ (962,184)	\$ 79,870
Adjustments to reconcile net income to net cash provided by operating activities:			
Decrease (increase) in premiums receivable	(24,618)	(171,642)	(170,234)
Decrease (increase) in funds held by reinsureds, net	(57)	(20,963)	(92,526)
Decrease (increase) in reinsurance receivables	405,574	1,260,865	(731,292)
Decrease (increase) in income taxes	295,667	(292,728)	(249,674)
Decrease (increase) in prepaid reinsurance premiums	(84,181)	17,302	436,571
Increase (decrease) in reserve for losses and loss adjustment expenses	21,399	859,691	964,415
Increase (decrease) in unearned premiums	370,246	221,850	291,108
Increase (decrease) in other net payable to reinsurers	(50,560)	(173,810)	(329,946)
Increase (decrease) in losses in course of payment	113,306	66,148	(31,815)
Change in equity adjustments in limited partnerships	(45,843)	(70,494)	(35,749)
Distribution of limited partnership income	51,982	55,350	33,629
Change in other assets and liabilities, net	(60,250)	(143,047)	(367,338)
Non-cash compensation expense	27,421	13,863	10,212
Amortization of bond premium (accrual of bond discount)	4,308	3,735	17,690
Net realized capital (gains) losses	(419,367)	185,356	(161,553)
Net cash provided by (used in) operating activities	1,234,754	849,292	(336,632)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from fixed maturities matured/called - available for sale, at market value	937,871	741,360	1,005,532
Proceeds from fixed maturities sold - available for sale, at market value	2,400,869	791,368	1,676,203
Proceeds from fixed maturities sold - available for sale, at fair value	2,917	1,751	-
Proceeds from equity securities sold - at fair value	283,707	1,029,920	586,496
Distributions from other invested assets	185,116	1,043,131	2,327,206
Cost of fixed maturities acquired - available for sale, at market value	(3,626,139)	(3,714,695)	(2,431,780)
Cost of fixed maturities acquired - available for sale, at fair value	(4,243)	(4,381)	-
Cost of equity securities acquired - at fair value	(325,546)	(702,221)	(396,056)
Cost of other invested assets acquired	(323,453)	(1,138,317)	(2,546,289)
Net change in short-term investments	(102,302)	193,623	67,164
Net change in unsettled securities transactions	(30,904)	55,967	(40,530)
Proceeds from repayment (cost of issuance) of note receivable, affiliated	(300,000)	250,000	-
Net cash provided by (used in) investing activities	(902,107)	(1,452,494)	247,946
CASH FLOWS FROM FINANCING ACTIVITIES:			
Tax benefit from share-based compensation, net of expense	(27,059)	(11,195)	(9,938)
Capital contribution from parent	-	500,324	-
Proceeds from issuance (cost of repayment) of note payable-affiliated	(300,000)	300,000	-
Net cash provided by (used in) financing activities	(327,059)	789,129	(9,938)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	1,012	(10,957)	30,382
Net increase (decrease) in cash	6,600	174,970	(68,242)
Cash, beginning of period	404,522	229,552	297,794
Cash, end of period	\$ 411,122	\$ 404,522	\$ 229,552
SUPPLEMENTAL CASH FLOW INFORMATION:			
Income taxes paid (recovered)	\$ (160,748)	\$ (73,669)	\$ 53,019
Interest paid	34,928	30,027	31,775
NON-CASH TRANSACTIONS			
Equity value of non-cash capital contribution of affiliate from parent, net of cash held by affiliate	\$ -	\$ 211,928	\$ -
Transfer of fixed maturities, available for sale, at market value to Bermuda Re as part of settlement for loss portfolio transfer agreement as of 12/31/17	-	-	790,583

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2019, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Business and Basis of Presentation.

Everest Reinsurance Holdings, Inc. ("Holdings"), a Delaware company and direct subsidiary of Everest Underwriting Group (Ireland) Limited ("Holdings Ireland"), which is a direct subsidiary of Everest Re Group, Ltd. ("Group"), through its subsidiaries, principally provides property and casualty reinsurance and insurance in the United States of America and internationally. As used in this document, "Company" means Holdings and its subsidiaries.

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The statements include all of the following domestic and foreign direct and indirect subsidiaries of the Company: Everest Reinsurance Company ("Everest Re"), Everest Global Services, Inc. ("Global Services"), Everest National Insurance Company ("Everest National"), Everest Indemnity Insurance Company ("Everest Indemnity"), Everest Security Insurance Company ("Everest Security"), Everest Reinsurance Company – Escritório de Representação No Brasil Ltda. ("Everest Brazil"), Mt. Whitney Securities, Inc., Everest Denali Insurance Company ("Everest Denali"), Everest Premier Insurance Company ("Everest Premier"), Everest Specialty Underwriters Services, LLC, Everest International Assurance, Ltd. ("Everest Assurance"), Specialty Insurance Group, Inc. ("Specialty"), Specialty Insurance Group - Leisure and Entertainment Risk Purchasing Group LLC ("Specialty RPG"), Salus Systems ("Salus") and Mt. McKinley Managers, L.L.C. All amounts are reported in U.S. dollars.

During the fourth quarter of 2018, Global Services was contributed to Holdings from its parent company, Holdings Ireland. The operating results of Global Services for the fourth quarter of 2018 are included within the Company's consolidated financial statements.

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.

Certain reclassifications and format changes have been made to prior years' amounts to conform to the 2019 presentation.

B. Investments.

Fixed maturity investments available for sale, at market value, reflect unrealized appreciation and depreciation, as a result of temporary changes in market value during the period, in stockholder's equity, net of income taxes in "accumulated other comprehensive income (loss)" in the consolidated balance sheets. Fixed maturity, equity securities and other invested assets carried at fair value reflect fair value re-measurements as net realized capital gains and losses in the consolidated statements of operations and comprehensive income (loss). The Company records changes in fair value for its fixed maturities-available for sale, at market value through stockholder's equity, net of taxes in accumulated other comprehensive income (loss) since cash flows from these investments will be primarily used to settle its reserve for losses and loss adjustment expense liabilities. The Company anticipates holding these investments for an extended period as the cash flow from interest and maturities will fund the projected payout of these liabilities. As of January 1, 2018, the Company carries all of its equity securities at fair value. For equity securities, at fair value, the Company reflects changes in value as net realized capital gains and losses since these securities may be sold in the near term depending on financial market conditions. Interest income on all fixed maturities and dividend income on all equity securities are included as part of net investment income in the consolidated statements of operations and comprehensive income (loss). Unrealized losses on fixed maturities, which are deemed other-than-temporary and related to the credit quality of a security, are charged to net income (loss) as net realized capital losses. Short-term investments are stated at cost, which approximates market value. Realized gains or losses on

sales of investments are determined on the basis of identified cost. For some non-publicly traded securities, market prices are determined through the use of pricing models that evaluate securities relative to the U.S. Treasury yield curve, taking into account the issue type, credit quality, and cash flow characteristics of each security. For other non-publicly traded securities, investment managers' valuation committees will estimate fair value, and in many instances, these fair values are supported with opinions from qualified independent third parties. For publicly traded securities, market value is based on quoted market prices or valuation models that use observable market inputs. When a sector of the financial markets is inactive or illiquid, the Company may use its own assumptions about future cash flows and risk-adjusted discount rates to determine fair value. Retrospective adjustments are employed to recalculate the values of asset-backed securities. Each acquisition lot is reviewed to recalculate the effective yield. The recalculated effective yield is used to derive a book value as if the new yield were applied at the time of acquisition. Outstanding principal factors from the time of acquisition to the adjustment date are used to calculate the prepayment history for all applicable securities. Conditional prepayment rates, computed with life to date factor histories and weighted average maturities, are used to effect the calculation of projected and prepayments for pass-through security types. Other invested assets include limited partnerships, rabbi trusts and, prior to July 1, 2018, a private placement liquidity sweep facility. Cash contributions to and cash distributions from the sweep facility were reported gross in cash flows from investing activities in the consolidated statements of cash flows. Limited partnerships are accounted for under the equity method of accounting, which can be recorded on a monthly or quarterly lag. Other invested assets, at fair value, are comprised of convertible preferred stock of Everest Preferred International Holdings, Ltd. ("Preferred Holdings"), an affiliated entity. The fair values of the Preferred Holdings convertible preferred stock at December 31, 2019 and December 31, 2018 were determined using a pricing model.

C. Uncollectible Receivable Balances.

The Company provides reserves for uncollectible reinsurance recoverable and premium receivable balances based on management's assessment of the collectability of the outstanding balances. Such reserves are presented in the table below for the periods indicated.

(Dollars in thousands)	Years Ended December 31,	
	2019	2018
Reinsurance recoverable and premium receivables	\$ 25,163	\$ 25,163

D. Deferred Acquisition Costs.

Acquisition costs, consisting principally of commissions and brokerage expenses and certain premium taxes and fees incurred at the time a contract or policy is issued and that vary with and are directly related to the Company's reinsurance and insurance business, are deferred and amortized over the period in which the related premiums are earned. Deferred acquisition costs are limited to their estimated realizable value by line of business based on the related unearned premiums, anticipated claims and claim expenses and anticipated investment income. Deferred acquisition costs amortized to income are presented in the table below for the periods indicated.

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Deferred acquisition costs	\$ 1,270,053	\$ 1,141,714	\$ 210,925

E. Reserve for Losses and Loss Adjustment Expenses.

The reserve for losses and loss adjustment expenses ("LAE") is based on individual case estimates and reports received from ceding companies. A provision is included for losses and LAE incurred but not reported ("IBNR") based on past experience. A provision is also included for certain potential liabilities relating to asbestos and environmental ("A&E") exposures, for which liabilities cannot be estimated using traditional reserving techniques. See also Note 3. The reserves are reviewed periodically and any changes in estimates are reflected in earnings in the period the adjustment is made. The Company's loss and LAE reserves represent management's best estimate of the ultimate liability. Loss and LAE reserves are presented gross of reinsurance receivables and incurred losses and LAE are presented net of reinsurance.

Accruals for commissions are established for reinsurance contracts that provide for the stated commission percentage to increase or decrease based on the loss experience of the contract. Changes in estimates for such arrangements are recorded as commission expense. Commission accruals for contracts with adjustable features are estimated based on expected loss and LAE.

F. Premium Revenues.

Written premiums are earned ratably over the periods of the related insurance and reinsurance contracts. Unearned premium reserves are established relative to the unexpired contract period. For reinsurance contracts, such reserves are established based upon reports received from ceding companies or estimated using pro rata methods based on statistical data. Reinstatement premiums represent additional premium received on reinsurance coverages, most prevalently catastrophe related, when limits have been depleted under the original reinsurance contract and additional coverage is granted. Written and earned premiums and the related costs, which have not yet been reported to the Company, are estimated and accrued. Premiums are net of ceded reinsurance.

G. Prepaid Reinsurance Premiums.

Prepaid reinsurance premiums represent unearned premium reserves ceded to other reinsurers. Prepaid reinsurance premiums for any foreign reinsurers comprising more than 10% of the outstanding balance at December 31, 2019 were collateralized either through collateralized trust arrangements, rights of offset or letters of credit, thereby limiting the credit risk to the Company.

H. Income Taxes.

The Company and its wholly-owned subsidiaries file a consolidated U.S. Corporation Income Tax Return. The Company's foreign subsidiaries and foreign branches of its U.S. subsidiaries file country and local corporation income tax returns as required. Deferred U.S. federal and foreign income taxes have been recorded to recognize the tax effect of temporary differences between the GAAP and income tax bases of assets and liabilities, which arise because of differences between the financial reporting and income tax rules.

I. Foreign Currency.

As a global entity, the Company transacts business in numerous currencies through business units located around the world. The base transactional currency for each business unit is determined by the local currency used for most economic activity in that area. Movements in exchange rates related to assets and liabilities at the business units between the original currency and the base currency are recorded through the consolidated statements of operations and comprehensive income (loss) in other income (expense), except for currency movements related to available for sale investments, which are excluded from net income (loss) and accumulated in stockholder's equity, net of deferred taxes.

The business units' base currency financial statements are translated to U.S. dollars using the exchange rates at the end of period for the balance sheets and the average exchange rates in effect for the reporting period for the income statements. Gains and losses resulting from translating the foreign currency financial statements, net of deferred income taxes, are excluded from net income loss and accumulated in stockholder's equity.

J. Segmentation.

The Company, through its subsidiaries, operates in three segments: U.S. Reinsurance, International and Insurance. See also Note 17.

K. Retroactive Reinsurance.

Premiums on ceded retroactive contracts are earned when written with a corresponding reinsurance recoverable established for the amount of reserves ceded. The initial gain, if applicable, is deferred and amortized into income over an actuarially determined expected payout period. Any future loss is recognized immediately and charged against earnings.

L. Application of Recently Issued Accounting Standard Changes.

Simplification of Disclosure Requirements. In August 2018, the Securities and Exchange Commission ("SEC") issued Final Rule Release #33-10532 ("the Rule") which addresses the simplification of the SEC's disclosure requirements for quarterly and annual financial reports. The main change addressed by the Rule that is

applicable to the Company is a new requirement to disclose changes in equity by line item with subtotals for each interim reporting period on the Statements of Changes in Shareholders' Equity. The Rule became effective for all financial reports filed after November 5, 2018 (30 days after its publication in the Federal Register), except for the additional requirement for the Statements of Changes in Shareholders' Equity which was to be implemented for first quarter 2019 reporting. The Company has adopted the portions of the Rule that became effective November 5, 2018. The portion of the Rule related to the new requirement for the Statements of Changes in Shareholders' Equity was adopted by the Company in the first quarter of 2019.

Accounting for Cloud Computing Arrangement. In August 2018, The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-15, which outlines accounting for implementation costs of a cloud computing arrangement that is a service contract. This guidance requires that implementation costs of a cloud computing arrangement that is a service contract must be capitalized and expensed in accordance with the existing provisions provided in Subtopic 350-40 regarding development of internal use software. In addition, any capitalized implementation costs should be amortized over the term of the hosting arrangement. The guidance is effective for annual reporting periods beginning after December 15, 2019 and interim periods within that annual reporting period. The Company does not expect the adoption of ASU 2018-15 to have a material impact on its financial statements.

Accounting for Deferred Taxes in Accumulated Other Comprehensive Income (AOCI). In February 2018, FASB issued ASU 2018-02, which outlines guidance on the treatment of trapped deferred taxes contained within AOCI on the consolidated balance sheets. The new guidance allows the amount of trapped deferred taxes in AOCI, resulting from the change in the U.S. tax rate from 35% to 21% upon enactment of the Tax Cuts and Jobs Act ("TCJA"), to be reclassified as part of retained earnings in the consolidated balance sheets. The guidance is effective for annual and interim reporting periods beginning after December 15, 2018, but early adoption is allowed. The Company decided to early adopt the guidance as of December 31, 2017. The adoption resulted in a reclass of \$325 thousand between AOCI and retained earnings during the fourth quarter of 2017. As an accounting policy, the Company has adopted the aggregate portfolio approach for releasing disproportionate income tax effects from AOCI.

Accounting for Impact on Income Taxes due to Tax Reform. In December 2017, the SEC issued Staff Accounting Bulletin ("SAB") 118, which provides guidance on the application of FASB Accounting Standards Codification ("ASC") Topic 740, Income Taxes, due to the enactment of TCJA. SAB 118 became effective upon release. The Company has adopted the provisions of SAB 118 with respect to measuring the tax effects for the modifications to the determination of tax basis loss reserves. In 2018, the Company recorded adjustments to the amount of tax expense it recorded in 2017 with respect to the TCJA as estimated amounts were finalized, which did not have a material impact on the Company's financial statements.

Amortization of Bond Premium. In March 2017, FASB issued ASU 2017-08, which outlines guidance on the amortization period for premium on callable debt securities. The new guidance requires that the premium on callable debt securities be amortized through the earliest call date rather than through the maturity date of the callable security. The guidance is effective for annual and interim reporting periods beginning after December 15, 2019. The adoption of ASU 2017-08 did not have a material impact on the Company's financial statements.

Presentation and Disclosure of Net Periodic Benefit Costs. In March 2017, FASB issued ASU 2017-07, which outlines guidance on the presentation of net periodic costs of benefit plans. The new guidance requires that the service cost component of net periodic benefit costs be reported within the same line item of the statements of operations as other compensation costs are reported. Other components of net periodic benefit costs should be reported separately. Footnote disclosure is required to state within which line items of the statements of operations the components are reported. The guidance is effective for annual and interim reporting periods beginning after December 15, 2017. The Company adopted the guidance effective January 1, 2018. The adoption of ASU 2017-07 did not have a material impact on the Company's financial statements.

Disclosure of Restricted Cash. In November 2016, FASB issued ASU 2016-18 and in August 2016, FASB issued ASU 2016-15, which outlines guidance on the presentation in the statements of cash flows of changes in restricted cash. The new guidance requires that the statements of cash flows should reflect all changes in

cash, cash equivalents and restricted cash in total and not segregated individually. The guidance is effective for annual and interim reporting periods beginning after December 15, 2017. The Company adopted the guidance effective January 1, 2018. The adoption of ASU 2016-18 and ASU 2016-15 did not have a material impact on the Company's financial statements.

Intra-Entity Asset Transfers. In October 2016, FASB issued ASU 2016-16, which outlines guidance on the tax accounting for intra-entity asset sales and transfers, other than inventory. The new guidance requires that reporting entities recognize tax expense from the intra-entity transfer of an asset in the seller's tax jurisdiction at the time of transfer and recognize any deferred tax asset in the buyer's tax jurisdiction at the time of transfer. The guidance is effective for annual and interim reporting periods beginning after December 15, 2017. The Company adopted the guidance effective January 1, 2018. The adoption of ASU 2016-16 did not have a material impact on the Company's financial statements.

Valuation of Financial Instruments. In June 2016, FASB issued ASU 2016-13, (and has subsequently issued related guidance and amendments in ASU 2019-11 and 2019-10 in November 2019) which outline guidance on the valuation of and accounting for assets measured at amortized cost and available for sale debt securities. The carrying value of assets measured at amortized cost will now be presented as the amount expected to be collected on the financial asset (amortized cost less an allowance for credit losses valuation account). Available for sale debt securities will now record credit losses through an allowance for credit losses, which will be limited to the amount by which fair value is below amortized cost. The guidance is effective for annual and interim reporting periods beginning after December 15, 2019. The Company does not expect the adoption of ASU 2016-13, ASU 2019-11 and ASU 2019-10 to have material impact on its financial statements.

Leases. In February 2016, FASB issued ASU 2016-02 (and subsequently issued ASU 2018-11 in July, 2018) which outline new guidance on the accounting for leases. The new guidance requires the recognition of lease assets and lease liabilities on the balance sheets for most leases that were previously deemed operating leases and required only lease expense presentation in the statements of operations. The guidance is effective for annual and interim reporting periods beginning after December 15, 2018. The Company adopted ASU 2016-02 effective January 1, 2019 and elected to utilize a cumulative-effect adjustment to the opening balance of retained earnings for the year of adoption. Accordingly, the Company's reporting for the comparative periods prior to adoption continue to be presented in the financial statements in accordance with previous lease accounting guidance. The Company also elected to apply the package of practical expedients applicable to the Company in the updated guidance for transition for leases in effect at adoption. The Company did not elect the hindsight practical expedient to determine the lease term of existing leases (e.g. The Company did not re-assess lease renewals, termination options nor purchase options in determining lease terms). The adoption of the updated guidance resulted in the Company recognizing a right-of-use asset of \$60,325 thousand as part of other assets and a lease liability of \$66,551 thousand as part of other liabilities in the consolidated balance sheet, as well as de-recognizing the liability for deferred rent that was required under the previous guidance. The cumulative effect adjustment to the opening balance of retained earnings was zero. The adoption of the updated guidance did not have a material effect on the Company's results of operations or liquidity.

Recognition and Measurement of Financial Instruments. In January 2016, the FASB issued ASU 2016-01, which outlines revised guidance on the accounting for equity investments. The new guidance states that all equity investments in unconsolidated entities will be measured at fair value, with the change in value being recorded through the income statement rather than being recorded within other comprehensive income. The updated guidance is effective for annual and interim reporting periods beginning after December 15, 2017. The Company adopted the guidance effective January 1, 2018. The adoption of ASU 2016-01 resulted in a cumulative change adjustment of \$2,447 thousand between AOCI and retained earnings, which is disclosed separately within the consolidated statement of changes in shareholders equity.

Revenue Recognition. In May 2014, the FASB issued ASU 2014-09 and in August 2015, FASB issued ASU 2015-14, which outline revised guidance on the recognition of revenue arising from contracts with customers. The new guidance states that reporting entities should apply certain steps to determine when revenue should be recognized, based upon fulfillment of performance obligations to complete contracts. The updated guidance is effective for annual and interim reporting periods beginning after December 15, 2017. The

Company adopted the guidance effective January 1, 2018. The adoption of ASU 2014-09 and ASU 2015-14 did not have a material impact on the Company's financial statements.

Any issued guidance and pronouncements, other than those directly referenced above, are deemed by the Company to be either not applicable or immaterial to its financial statements.

2. INVESTMENTS

The amortized cost, market value and gross unrealized appreciation and depreciation of available for sale, fixed maturity, investments, carried at market value and other-than-temporary impairments ("OTTI") in accumulated other comprehensive income ("AOCI") are as follows for the periods indicated:

	At December 31, 2019				
	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Market Value	OTTI in AOCI (a)
(Dollars in thousands)					
Fixed maturity securities					
U.S. Treasury securities and obligations of U.S. government agencies and corporations	\$ 768,374	\$ 10,128	\$ (987)	\$ 777,515	\$ -
Obligations of U.S. states and political subdivisions	506,347	29,651	(87)	535,911	-
Corporate securities	2,777,097	70,898	(26,438)	2,821,557	245
Asset-backed securities	761,607	5,659	(1,309)	765,957	-
Mortgage-backed securities					
Commercial	311,961	17,242	(154)	329,049	-
Agency residential	625,612	19,395	(320)	644,687	-
Non-agency residential	1,638	-	-	1,638	-
Foreign government securities	646,149	18,908	(7,050)	658,007	27
Foreign corporate securities	935,640	31,257	(9,139)	957,758	333
Total fixed maturity securities	\$ 7,334,425	\$ 203,138	\$ (45,484)	\$ 7,492,079	\$ 605

	At December 31, 2018				
	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Market Value	OTTI in AOCI (a)
(Dollars in thousands)					
Fixed maturity securities					
U.S. Treasury securities and obligations of U.S. government agencies and corporations	\$ 2,250,312	\$ 3,573	\$ (11,088)	\$ 2,242,797	\$ -
Obligations of U.S. states and political subdivisions	489,013	12,915	(2,839)	499,089	440
Corporate securities	2,273,581	12,487	(69,915)	2,216,153	430
Asset-backed securities	223,192	102	(2,039)	221,255	-
Mortgage-backed securities					
Commercial	135,380	1,947	(723)	136,604	-
Agency residential	149,306	1,177	(1,709)	148,774	-
Non-agency residential	3,115	3	(4)	3,114	-
Foreign government securities	576,540	14,399	(11,353)	579,586	-
Foreign corporate securities	932,310	13,325	(30,932)	914,703	281
Total fixed maturity securities	\$ 7,032,749	\$ 59,928	\$ (130,602)	\$ 6,962,075	\$ 1,151

(a) Represents the amount of OTTI recognized in AOCI. Amount includes unrealized gains and losses on impaired securities relating to changes in the value of such securities subsequent to the impairment measurement date.

The amortized cost and market value of fixed maturity securities are shown in the following tables by contractual maturity. Mortgage-backed securities are generally more likely to be prepaid than other fixed maturity securities. 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 December 31, 2019		At December 31, 2018	
	Amortized Cost	Market Value	Amortized Cost	Market Value
(Dollars in thousands)				
Fixed maturity securities – available for sale				
Due in one year or less	\$ 569,506	\$ 563,730	\$ 511,193	\$ 507,572
Due after one year through five years	2,919,966	2,963,903	4,271,245	4,230,451
Due after five years through ten years	1,541,695	1,602,642	1,177,752	1,163,831
Due after ten years	602,440	620,473	561,566	550,474
Asset-backed securities	761,607	765,957	223,192	221,255
Mortgage-backed securities				
Commercial	311,961	329,049	135,380	136,604
Agency residential	625,612	644,687	149,306	148,774
Non-agency residential	1,638	1,638	3,115	3,114
Total fixed maturity securities	\$ 7,334,425	\$ 7,492,079	\$ 7,032,749	\$ 6,962,075

The changes in net unrealized appreciation (depreciation) for the Company's investments are derived from the following sources for the periods as indicated:

(Dollars in thousands)	Years Ended December 31,	
	2019	2018
Increase (decrease) during the period between the market value and cost of investments carried at market value, and deferred taxes thereon:		
Fixed maturity securities	\$ 228,953	\$ (115,642)
Fixed maturity securities, other-than-temporary impairment	(546)	645
Change in unrealized appreciation (depreciation), pre-tax	228,408	(114,997)
Deferred tax benefit (expense)	(47,959)	24,187
Deferred tax benefit (expense), other-than-temporary impairment	115	(135)
Change in unrealized appreciation (depreciation), net of deferred taxes, included in stockholder's equity	\$ 180,562	\$ (90,945)

The Company frequently reviews all of its fixed maturity, available for sale securities for declines in market value and focuses its attention on securities whose fair value has fallen below 80% of their amortized cost at the time of review. The Company then assesses whether the decline in value is temporary or other-than-temporary. In making its assessment, the Company evaluates the current market and interest rate environment as well as specific issuer information. Generally, a change in a security's value caused by a change in the market, interest rate or foreign exchange environment does not constitute an other-than-temporary impairment, but rather a temporary decline in market value. Temporary declines in market value are recorded as unrealized losses in accumulated other comprehensive income (loss). If the Company determines that the decline is other-than-temporary and the Company does not have the intent to sell the security; and it is more likely than not that the Company will not have to sell the security before recovery of its cost basis, the carrying value of the investment is written down to fair value. The fair value adjustment that is credit or foreign exchange related is recorded in net realized capital gains (losses) in the Company's consolidated statements of operations and comprehensive income (loss). The fair value adjustment that is non-credit related is recorded as a component of other comprehensive income (loss), net of tax, and is included in accumulated other comprehensive income (loss) in the Company's consolidated balance sheets. The Company's assessments are based on the issuers' current and expected future financial position, timeliness with respect to interest and/or principal payments, speed of repayments and any applicable credit enhancements or breakeven constant default rates on mortgage-backed and asset-backed securities, as well as relevant information provided by rating agencies, investment advisors and analysts.

Retrospective adjustments are employed to recalculate the values of asset-backed securities. All of the Company's asset-backed and mortgage-backed securities have a pass-through structure. Each acquisition lot is reviewed to recalculate the effective yield. The recalculated effective yield is used to derive a book value as if the new yield were applied at the time of acquisition. Outstanding principal factors from the time of acquisition to the adjustment date are used to calculate the prepayment history for all applicable securities. Conditional prepayment rates, computed with life to date factor histories and weighted average maturities, are used in the calculation of projected prepayments for pass-through security types.

The tables below display the aggregate market value and gross unrealized depreciation of fixed maturity securities, 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, 2019 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
(Dollars in thousands)						
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of U.S. government agencies and corporations	\$ 8,997	\$ (141)	\$ 203,780	\$ (846)	\$ 212,777	\$ (987)
Obligations of U.S. states and political subdivisions	4,600	(38)	4,518	(49)	9,118	(87)
Corporate securities	334,973	(5,186)	230,679	(21,252)	565,652	(26,438)
Asset-backed securities	159,695	(887)	76,351	(422)	236,046	(1,309)
Mortgage-backed securities						
Commercial	13,083	(87)	16,374	(67)	29,457	(154)
Agency residential	19,019	(82)	17,147	(238)	36,166	(320)
Non-agency residential	-	-	690	-	690	-
Foreign government securities	113,256	(858)	109,953	(6,192)	223,209	(7,050)
Foreign corporate securities	105,551	(1,260)	121,710	(7,879)	227,261	(9,139)
Total fixed maturity securities	\$ 759,174	\$ (8,539)	\$ 781,202	\$ (36,945)	\$ 1,540,376	\$ (45,484)

	Duration of Unrealized Loss at December 31, 2019 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
(Dollars in thousands)						
Fixed maturity securities						
Due in one year or less	\$ 34,542	\$ (1,067)	\$ 188,755	\$ (6,411)	\$ 223,297	\$ (7,478)
Due in one year through five years	226,521	(2,554)	357,728	(11,562)	584,249	(14,116)
Due in five years through ten years	251,967	(3,292)	43,129	(6,785)	295,096	(10,077)
Due after ten years	54,347	(570)	81,028	(11,460)	135,375	(12,030)
Asset-backed securities	159,695	(887)	76,351	(422)	236,046	(1,309)
Mortgage-backed securities	32,102	(169)	34,211	(305)	66,313	(474)
Total fixed maturity securities	\$ 759,174	\$ (8,539)	\$ 781,202	\$ (36,945)	\$ 1,540,376	\$ (45,484)

The aggregate market value and gross unrealized losses related to investments in an unrealized loss position at December 31, 2019 were \$1,540,376 thousand and \$45,484 thousand, respectively. The market value of securities for the single issuer whose securities comprised the largest unrealized loss position at December 31, 2019, did not exceed 0.2% of the overall market value of the Company's fixed maturity securities. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The \$8,539 thousand of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were generally comprised of domestic and foreign corporate securities. Of these unrealized losses, \$5,645 thousand were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. The \$36,945 thousand of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to domestic and foreign corporate securities and foreign government securities. Of these unrealized losses \$16,976 thousand were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. There was no gross unrealized depreciation for mortgage-backed securities related to sub-prime and alt-A loans. 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 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 market value and gross unrealized depreciation of fixed maturity securities, 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, 2018 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
(Dollars in thousands)						
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of U.S. government agencies and corporations	\$ 245,357	\$ (6,099)	\$ 373,377	\$ (4,989)	\$ 618,734	\$ (11,088)
Obligations of U.S. states and political subdivisions	107,183	(2,829)	1,475	(10)	108,658	(2,839)
Corporate securities	1,390,942	(57,043)	194,770	(12,872)	1,585,712	(69,915)
Asset-backed securities	127,052	(1,408)	47,551	(631)	174,603	(2,039)
Mortgage-backed securities						
Commercial	51,357	(695)	2,259	(28)	53,616	(723)
Agency residential	44,071	(1,221)	21,889	(488)	65,960	(1,709)
Non-agency residential	3,093	(4)	-	-	3,093	(4)
Foreign government securities	192,510	(10,690)	101,137	(663)	293,647	(11,353)
Foreign corporate securities	501,532	(25,821)	65,279	(5,111)	566,811	(30,932)
Total fixed maturity securities	\$ 2,663,097	\$ (105,810)	\$ 807,737	\$ (24,792)	\$ 3,470,834	\$ (130,602)

	Duration of Unrealized Loss at December 31, 2018 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
(Dollars in thousands)						
Fixed maturity securities						
Due in one year or less	\$ 165,545	\$ (7,618)	\$ 118,322	\$ (1,164)	\$ 283,867	\$ (8,782)
Due in one year through five years	1,423,431	(44,924)	525,554	(9,530)	1,948,985	(54,454)
Due in five years through ten years	624,875	(35,360)	42,902	(2,773)	667,777	(38,133)
Due after ten years	223,673	(14,580)	49,260	(10,178)	272,933	(24,758)
Asset-backed securities	127,052	(1,408)	47,551	(631)	174,603	(2,039)
Mortgage-backed securities	98,521	(1,920)	24,148	(516)	122,669	(2,436)
Total fixed maturity securities	\$ 2,663,097	\$ (105,810)	\$ 807,737	\$ (24,792)	\$ 3,470,834	\$ (130,602)

The aggregate market value and gross unrealized losses related to investments in an unrealized loss position at December 31, 2018 were \$3,470,834 thousand and \$130,602 thousand, respectively. The market value of securities for the single issuer (the United States government) whose securities comprised the largest unrealized loss position at December 31, 2018, did not exceed 9.0% of the overall market value of the Company's fixed maturity securities. The market value of securities for the issuer with the second largest unrealized loss comprised less than 0.8% of the company's fixed maturity securities. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The \$105,810 thousand of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were generally comprised of domestic and foreign corporate securities, foreign government securities and U.S. government agencies and corporations. Of these unrealized losses, \$68,010 thousand related to securities that were rated investment grade by at least one nationally recognized

statistical rating agency. The \$24,792 thousand of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to domestic and foreign corporate securities and U.S. government agencies. Of these unrealized losses, \$14,802 thousand related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. There was no gross unrealized depreciation for mortgage-backed securities related to sub-prime and alt-A loans. 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 tables below for the periods indicated:

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Fixed maturities	\$ 273,122	\$ 201,108	\$ 193,676
Equity securities	10,782	14,909	25,852
Short-term investments and cash	10,231	7,715	2,870
Other invested assets			
Limited partnerships	43,316	61,645	36,603
Dividends from preferred shares of affiliate	31,031	31,032	31,032
Other	14,117	17,825	6,675
Gross investment income before adjustments	382,599	334,234	296,708
Funds held interest income (expense)	6,459	5,188	5,006
Interest income from Parent	211	4,085	4,300
Gross investment income	389,269	343,507	306,014
Investment expenses	(33,058)	(29,126)	(19,755)
Net investment income	\$ 356,211	\$ 314,381	\$ 286,259

(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. 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 \$699,481 thousand in limited partnerships and private placement loans at December 31, 2019. These commitments will be funded when called in accordance with the partnership and loan agreements, which have investment periods that expire, unless extended, through 2026.

Beginning in 2016, the Company participated in a private placement liquidity sweep facility ("the facility"). The primary purpose of the facility is to enhance the Company's return on its short-term investments and cash positions. The facility invests in high quality, short-duration securities and permits daily liquidity. Through the second quarter of 2018, the Company's participation in the facility was classified within other invested assets on the Company's Balance Sheets.

As of the third quarter of 2018, the Company has consolidated its participation in the facility. As a result, the underlying investments are now recorded in the various investment line items within the Company's balance sheet, rather than as part of other invested assets. As of December 31, 2019, the market value of investments in the facility consolidated within the Company's balance sheets was \$156,258 thousand.

Other invested assets, at fair value, as of December 31, 2019 and December 31, 2018, were comprised of preferred shares held in Preferred Holdings, an affiliated company.

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

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Fixed maturity securities, market value:			
Other-than-temporary impairments	\$ (19,643)	\$ (6,164)	\$ (6,077)
Gains (losses) from sales	7,571	933	2,473
Fixed maturity securities, fair value:			
Gains (losses) from sales	355	(1,799)	-
Gains (losses) from fair value adjustments	1,808	1,506	-
Equity securities, fair value:			
Gains (losses) from sales	4,144	(32,092)	6,556
Gains (losses) from fair value adjustments	153,728	(59,409)	117,695
Other invested assets	6,003	1,815	61
Other invested assets, fair value:			
Gains (losses) from fair value adjustments	265,245	(90,136)	40,846
Short-term investment gains (losses)	156	(10)	(1)
Total net realized capital gains (losses)	\$ 419,367	\$ (185,356)	\$ 161,553

The Company recorded as net realized capital gains (losses) in the consolidated statements of operations and comprehensive income (loss) both fair value re-measurements and write-downs in the value of securities deemed to be impaired on an other-than-temporary basis as displayed in the table above. The Company had no other-than-temporary impaired securities where the impairment had both a credit and non-credit component.

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

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Proceeds from sales of fixed maturity securities	\$ 2,403,786	\$ 793,119	\$ 1,676,203
Gross gains from sales	25,076	15,349	31,328
Gross losses from sales	(17,150)	(16,215)	(28,855)
Proceeds from sales of equity securities	\$ 283,707	\$ 1,029,920	\$ 586,496
Gross gains from sales	14,270	25,160	23,214
Gross losses from sales	(10,126)	(57,252)	(16,658)

Securities with a carrying value amount of \$1,549,145 thousand at December 31, 2019, were on deposit with various state or governmental insurance departments in compliance with insurance laws.

3. RESERVES FOR LOSSES AND LAE

Activity in the reserve for losses and LAE is summarized for the periods indicated:

(Dollars in thousands)	At December 31,		
	2019	2018	2017
Gross reserves beginning of period	\$ 10,167,018	\$ 9,343,028	\$ 8,331,288
Less reinsurance recoverables	(4,697,543)	(5,727,268)	(4,199,791)
Net reserves beginning of period	5,469,475	3,615,760	4,131,497
Incurred related to:			
Current year	3,784,771	4,252,220	2,157,498
Prior years	44,351	558,798	(117,747)
Total incurred losses and LAE	3,829,122	4,811,018	2,039,751
Paid related to:			
Current year	1,885,443	1,524,635	1,607,601
Prior years	1,431,336	1,408,256	957,933
Total paid losses and LAE	3,316,778	2,932,891	2,565,534
Foreign exchange/translation adjustment	12,352	(24,412)	10,046
Net reserves end of period	5,994,171	5,469,475	3,615,760
Plus reinsurance recoverables	4,215,348	4,697,543	5,727,268
Gross reserves end of period	\$ 10,209,519	\$ 10,167,018	\$ 9,343,028

(Some amounts may not reconcile due to rounding.)

Current year incurred losses were \$3,784,771 thousand, \$4,252,220 thousand and \$2,157,498 thousand at December 31, 2019, 2018 and 2017, respectively. The decrease in current year incurred losses in 2019 compared to 2018 was primarily due to a decrease of \$646,242 thousand in current year catastrophe losses, partially offset by an increase of \$178,794 thousand in current year attritional losses. The \$482,195 decrease in reinsurance recoverables from December 31, 2019 to December 31, 2018 is primarily related to changes in affiliated reinsurance agreements.

Incurred prior years' reserves increased by \$44,351 thousand and \$558,798 thousand in 2019 and 2018 respectively, and decreased by \$117,747 thousand in 2017. The increase for 2019 was mainly due to adverse development on prior years catastrophe losses.

The increase for 2018 was mainly due to \$553,036 thousand of adverse development on prior years catastrophe losses, primarily related to Hurricanes Harvey, Irma and Maria, as well as the 2017 California wildfires. The increase in loss estimates for Hurricanes Harvey, Irma and Maria was mostly driven by re-opened claims, loss inflation from higher than expected loss adjustment expenses and in particular, their impact on aggregate covers.

The decrease for 2017 was attributable to favorable development in the reinsurance segments of \$84,809 thousand related primarily to property and short-tail business in the U.S., as well as favorable development on prior year catastrophe losses, partially offset by \$25,194 thousand of adverse development on A&E reserves. The insurance segment also experienced favorable development on prior year reserves of \$32,938 thousand mainly on its workers compensation business, which is largely written in California.

The following is information about incurred and paid claims development as of December 31, 2019, net of reinsurance, as well as cumulative claim frequency and the total of incurred but not reported liabilities (IBNR) plus expected development on reported claims included within the net incurred claims amounts. Each of the Company's financial reporting segments has been disaggregated into casualty and property business. The casualty and property segregation results in groups that have homogeneous loss development characteristics and are large enough to represent credible trends. Generally, casualty claims take longer to be reported and settled, resulting in longer payout patterns and increased volatility. Property claims on the other hand, tend to be reported and settled quicker and therefore tend to exhibit less volatility. The property business is more

exposed to catastrophe losses, which can result in year over year fluctuations in incurred claims depending on the frequency and severity of catastrophes claims in any one accident year.

The information about incurred and paid claims development for the years ended December 31, 2012 to December 31, 2018 is presented as supplementary information.

These tables present eight years of incurred and paid claims development as it is impracticable to retrospectively create the tables for ten years. For the reinsurance groups, for the years prior to 2012, the total of IBNR plus expected development on reported claims was not prepared on an accident year basis. The Company calculated these IBNR amounts in the aggregate for each business unit in total as of prior year end points in time. While business written in the United States would have been allocated to accident year for regulatory reporting purposes, business written outside of the United States would not have been similarly allocated. Attempting to allocate the non-U.S. business IBNR reserves to accident year currently for older year end valuations would require making assumptions and estimates which may not be in line with assumptions that would have been made at the time. A similar situation applies to insurance where the accumulation of the business lines reported in the regulatory filings are not consistent with the breakout of the tables presented below. As a result of not being able to present the information prior to 2012, prospectively an additional year will be added to the tables each reporting year until a ten year table is presented.

The Cumulative Number of Reported Claims is shown only for Insurance Casualty as it is impracticable to provide the information for the remaining groups. The reinsurance groups each include pro rata contracts for which ceding companies provide only summary information via a bordereau. This summary information does not include the number of reported claims underlying the paid and reported losses. Therefore, it is not possible to provide this information. The Insurance Property group includes Accident & Health insurance business. This business is written via a master contract and individual claim counts are not provided. This business represents a significant enough portion of the business in the Insurance Property group so that including the number of reported claims for the remaining business would distort any analytics performed on the group.

The Cumulative Number of Reported Claims shown for the Insurance Casualty is determined by claim and line of business. For example, a claim event with three claimants in the same line of business is a single claim. However, a claim event with a single claimant that spans two lines of business contributes two claims. Cessions under affiliated quota share agreements reduce net losses but do not impact claim counts.

The following tables present the incurred loss and ALAE and the paid loss and ALAE, net of reinsurance for casualty and property, as well as the average annual percentage payout of incurred claims by age, net of reinsurance for each of our disclosed lines of business.

U.S. Reinsurance – Casualty Business

Accident Year	Incurred Claims and Allocated Claim Adjustment Expenses, Net of reinsurance								At December 31, 2019	
	Years Ended December 31,								Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019		
(Dollars in thousands)										
2012	\$ 249,501	\$ 211,232	\$ 139,755	\$ 139,400	\$ 145,769	\$ 150,362	\$ 150,362	\$ 150,362	943	N/A
2013		117,075	183,657	181,150	177,215	173,300	173,300	173,300	2,099	N/A
2014			197,491	189,641	193,772	176,745	176,745	176,745	1,263	N/A
2015				155,879	178,366	180,503	180,503	180,503	5,487	N/A
2016					171,561	173,189	173,189	173,189	18,104	N/A
2017						142,373	148,135	148,135	64,849	N/A
2018							484,218	472,358	259,626	N/A
2019								691,038	411,692	N/A
								\$ 2,165,629		

(Some amounts may not reconcile due to rounding.)

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Years Ended December 31,

Accident Year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019
(Dollars in thousands)								
2012	\$ 6,387	\$ 19,817	\$ 44,688	\$ 76,515	\$ 99,187	\$ 100,650	\$ 125,237	\$ 137,623
2013		7,131	15,627	48,271	78,880	105,256	133,572	152,303
2014			7,119	21,818	57,897	84,584	118,042	146,455
2015				7,901	21,881	62,180	122,060	147,438
2016					7,440	34,924	65,630	116,329
2017						15,354	65,757	76,186
2018							63,140	104,690
2019								103,453
All outstanding liabilities prior to 2012, net of reinsurance								\$ 984,477
Liabilities for claims and claim adjustment expenses, net of reinsurance								\$ 430,513
								\$ 1,611,666

(Some amounts may not reconcile due to rounding.)

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (unaudited)

Years	1	2	3	4	5	6	7	8
Casualty	10.1 %	11.5 %	17.5 %	23.4 %	15.8 %	11.6 %	13.4 %	8.2 %

U.S. Reinsurance – Property Business

Accident Year	Incurred Claims and Allocated Claim Adjustment Expenses, Net of reinsurance								At December 31, 2019	
	Years Ended December 31,								Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019		
(Dollars in thousands)										
2012	\$ 551,599	\$ 469,638	\$ 469,044	\$ 479,090	\$ 475,719	\$ 469,253	\$ 454,746	\$ 452,056	635	N/A
2013		251,617	167,656	136,887	108,005	107,292	107,292	107,292	545	N/A
2014			288,800	263,119	202,094	194,900	195,028	195,028	1,420	N/A
2015				319,447	249,546	223,357	223,357	223,357	2,915	N/A
2016					430,295	398,141	403,456	403,151	5,224	N/A
2017						821,226	1,290,180	1,442,562	8,182	N/A
2018							1,728,705	1,572,312	88,241	N/A
2019								970,657	329,381	N/A
								\$ 5,366,415		

(Some amounts may not reconcile due to rounding.)

Accident Year	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance								2019
	Years Ended December 31,								
	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2018 (unaudited)	
(Dollars in thousands)									
2012	\$ 129,875	\$ 254,010	\$ 323,408	\$ 379,768	\$ 397,473	\$ 425,913	\$ 431,933	\$ 432,048	\$ 432,048
2013		94,879	95,541	96,805	97,343	101,369	105,604	105,604	105,715
2014			86,083	131,940	163,269	177,822	183,469	184,425	184,425
2015				112,644	164,892	194,422	204,076	206,251	206,251
2016					162,246	327,451	371,004	383,676	383,676
2017						543,946	1,068,749	1,400,220	1,400,220
2018							409,225	1,064,429	1,064,429
2019								568,567	568,567
									\$ 4,345,331
All outstanding liabilities prior to 2012, net of reinsurance									14,394
Liabilities for claims and claim adjustment expenses, net of reinsurance									\$ 1,035,477

(Some amounts may not reconcile due to rounding.)

Years	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (unaudited)							
	1	2	3	4	5	6	7	8
Property	39.3 %	35.7 %	17.9 %	6.8 %	3.0 %	4.5 %	1.1 %	- %

International – Casualty Business

Accident Year	Incurred Claims and Allocated Claim Adjustment Expenses, Net of reinsurance								At December 31, 2019	
	Years Ended December 31,								Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019		
(Dollars in thousands)										
2012	\$ 124,118	\$ 56,314	\$ 35,046	\$ 42,804	\$ 43,861	\$ 41,857	\$ 41,857	\$ 41,857	3,845	N/A
2013		60,539	40,585	41,615	52,893	46,636	46,636	46,636	5,567	N/A
2014			58,448	47,034	65,755	54,783	54,783	54,783	14,100	N/A
2015				53,586	72,317	60,112	60,112	60,112	17,775	N/A
2016					71,461	67,712	67,712	67,712	20,948	N/A
2017						56,666	56,666	56,666	22,902	N/A
2018							290,866	287,295	116,125	N/A
2019								291,237	189,506	N/A
								\$ 906,298		

(Some amounts may not reconcile due to rounding.)

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	Years Ended December 31,							
	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019
(Dollars in thousands)								
2012	\$ 6,896	\$ 10,240	\$ 15,908	\$ 19,052	\$ 22,179	\$ 26,158	\$ 28,340	\$ 29,312
2013		5,625	13,380	16,768	20,014	22,426	26,158	30,057
2014			7,984	13,928	19,565	23,552	26,942	31,388
2015				8,025	17,391	24,085	26,574	31,472
2016					10,285	18,798	24,955	31,274
2017						10,519	18,527	22,203
2018							57,962	97,222
2019								52,808
All outstanding liabilities prior to 2012, net of reinsurance								\$ 325,736
Liabilities for claims and claim adjustment expenses, net of reinsurance								\$ 81,298
								\$ 661,860

(Some amounts may not reconcile due to rounding.)

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (unaudited)

Years	1	2	3	4	5	6	7	8
Casualty	17.7 %	13.4 %	9.5 %	7.1 %	6.8 %	8.5 %	6.9 %	2.3 %

International – Property Business

Accident Year	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance								At December 31, 2019	
	Years Ended December 31,								Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019		
(Dollars in thousands)										
2012	\$ 139,993	\$ 131,550	\$ 80,030	\$ 85,091	\$ 78,285	\$ 86,847	\$ 86,846	\$ 86,577	131	N/A
2013		153,518	141,114	131,090	121,419	121,461	121,359	121,359	749	N/A
2014			312,947	263,727	205,545	183,732	184,724	184,724	1,650	N/A
2015				240,258	124,993	126,432	126,432	126,432	1,477	N/A
2016					204,775	260,561	255,561	252,023	4,409	N/A
2017						469,561	584,857	600,988	5,369	N/A
2018							527,258	572,429	82,625	N/A
2019								853,790	363,334	N/A
								\$ 2,798,321		

(Some amounts may not reconcile due to rounding.)

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	Years Ended December 31,							
	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019
(Dollars in thousands)								
2012	\$ 26,704	\$ 47,635	\$ 55,926	\$ 65,905	\$ 66,511	\$ 67,638	\$ 70,505	\$ 84,550
2013		42,793	73,212	86,957	102,145	107,086	109,786	117,699
2014			72,526	116,833	144,471	161,086	169,757	171,960
2015				47,862	76,584	102,906	111,100	114,511
2016					75,192	171,256	228,381	240,359
2017						245,772	508,255	592,765
2018							90,429	330,681
2019								151,893
All outstanding liabilities prior to 2012, net of reinsurance								\$ 1,804,419
Liabilities for claims and claim adjustment expenses, net of reinsurance								\$ 4,034
								\$ 997,937

(Some amounts may not reconcile due to rounding.)

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (unaudited)

Years	1	2	3	4	5	6	7	8
Property	26.9 %	37.2 %	15.9 %	8.0 %	3.4 %	1.5 %	5.2 %	16.2 %

Insurance – Casualty Business

Accident Year	Incurred Claims and Allocated Claim Adjustment Expenses, Net of reinsurance								At December 31, 2019	
	Years Ended December 31,								Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019		
(Dollars in thousands)										
2012	\$ 212,636	\$ 174,914	\$ 185,267	\$ 184,598	\$ 188,211	\$ 179,329	\$ 179,329	\$ 179,328	1,289	15,769
2013		256,032	228,065	230,599	224,601	182,759	182,759	182,759	1,114	21,350
2014			237,875	238,867	240,761	247,403	247,403	247,404	959	25,188
2015				258,918	259,149	262,747	262,747	262,747	1,205	26,896
2016					351,476	337,950	336,400	336,380	1,688	31,517
2017						261,240	256,418	256,597	6,006	34,701
2018							607,682	607,851	296,857	33,817
2019								772,505	614,653	30,144
								\$ 2,845,571		

(Some amounts may not reconcile due to rounding.)

Accident Year	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance								Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	Years Ended December 31,									
	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019		
(Dollars in thousands)										
2012	\$ 15,683	\$ 55,216	\$ 84,382	\$ 116,589	\$ 133,237	\$ 146,961	\$ 159,713	\$ 162,342		162,342
2013		17,116	68,567	101,617	129,715	149,722	162,454	162,454		170,698
2014			20,371	71,893	114,156	143,822	213,512	213,512		222,038
2015				19,948	67,951	116,847	213,722	213,722		229,153
2016					24,463	98,470	285,967	285,967		297,182
2017						21,116	167,224	167,224		180,400
2018							27,054	27,054		196,285
2019										33,097
										\$ 1,491,195
All outstanding liabilities prior to 2012, net of reinsurance										27,899
Liabilities for claims and claim adjustment expenses, net of reinsurance										\$ 1,382,275

(Some amounts may not reconcile due to rounding.)

Years	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (unaudited)							
	1	2	3	4	5	6	7	8
Casualty	6.3 %	20.0 %	20.2 %	16.4 %	12.0 %	9.7 %	9.8 %	5.9 %

Insurance – Property Business

Accident Year	Incurred Claims and Allocated Claim Adjustment Expenses, Net of reinsurance								At December 31, 2019	
	Years Ended December 31,								Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019		
(Dollars in thousands)										
2012	\$ 58,615	\$ 46,888	\$ 43,520	\$ 44,848	\$ 44,278	\$ 44,076	\$ 44,077	\$ 44,077	14	N/A
2013		63,853	56,900	52,113	52,815	52,500	52,500	52,450	27	N/A
2014			68,093	69,820	67,409	66,524	66,524	66,509	21	N/A
2015				80,421	75,906	75,484	75,484	75,518	14	N/A
2016					142,885	163,117	162,678	163,791	7	N/A
2017						291,935	293,342	297,355	818	N/A
2018							377,148	372,847	10,730	N/A
2019								336,859	73,827	N/A
								\$ 1,409,406		

(Some amounts may not reconcile due to rounding.)

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	Years Ended December 31,								
	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019	
(Dollars in thousands)									
2012	\$ 26,894	\$ 44,665	\$ 42,861	\$ 44,501	\$ 44,152	\$ 44,077	\$ 44,032	\$ 44,054	\$ 44,054
2013		35,190	54,172	52,537	52,798	52,423	52,409	52,415	52,415
2014			40,260	66,400	66,564	65,927	66,404	66,432	66,432
2015				45,374	70,326	75,078	75,095	74,951	74,951
2016					70,439	138,683	150,678	157,336	157,336
2017						155,374	296,514	290,270	290,270
2018							242,912	354,900	354,900
2019								218,586	218,586
All outstanding liabilities prior to 2012, net of reinsurance								\$ 1,258,943	\$ 1,258,943
Liabilities for claims and claim adjustment expenses, net of reinsurance								422	422
								\$ 150,884	\$ 150,884

(Some amounts may not reconcile due to rounding.)

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (unaudited)

Years	1	2	3	4	5	6	7	8
Property	59.2 %	37.0 %	1.0 %	2.0 %	0.8 %	- %	- %	0.1 %

Reconciliation of the Disclosure of Incurred and Paid Claims Development to the Liability for Unpaid Claims and Claim Adjustment Expenses

The reconciliation of the net incurred and paid claims development tables to the liability for claims and claim adjustment expenses in the consolidated statement of financial position is as follows.

	At December 31,
	2019
(Dollars in thousands)	
Net outstanding liabilities	
U.S. Reinsurance Casualty	\$ 1,611,666
U.S. Reinsurance Property	1,035,477
International Casualty	661,860
International Property	997,937
Insurance Casualty	1,382,275
Insurance Property	150,884
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	5,840,099
Reinsurance recoverable on unpaid claims	
U.S. Reinsurance Casualty	914,400
U.S. Reinsurance Property	745,217
International Casualty	364,868
International Property	560,273
Insurance Casualty	1,440,156
Insurance Property	190,435
Total reinsurance recoverable on unpaid claims	4,215,348
Unallocated claims adjustment expenses	126,530
Other	27,542
	154,071
Total gross liability for unpaid claims and claim adjustment expense	\$ 10,209,519

(Some amounts may not reconcile due to rounding.)

Reserving Methodology

The Company maintains reserves equal to our estimated ultimate liability for losses and loss adjustment expense (LAE) for reported and unreported claims for our insurance and reinsurance businesses. Because reserves are based on estimates of ultimate losses and LAE by underwriting or accident year, the Company uses a variety of statistical and actuarial techniques to monitor reserve adequacy over time, evaluate new information as it becomes known, and adjust reserves whenever an adjustment appears warranted. The Company considers many factors when setting reserves including: (1) exposure base and projected ultimate premium; (2) expected loss ratios by product and class of business, which are developed collaboratively by underwriters and actuaries; (3) actuarial methodologies and assumptions which analyze loss reporting and payment experience, reports from ceding companies and historical trends, such as reserving patterns, loss payments, and product mix; (4) current legal interpretations of coverage and liability; and (5) economic conditions. Insurance and reinsurance loss and LAE reserves represent the Company's best estimate of its ultimate liability. Actual loss and LAE ultimately paid may deviate, perhaps substantially, from such reserves. Net income (gain or loss) will be impacted in a period in which the change in estimated ultimate loss and LAE is recorded.

The detailed data required to evaluate ultimate losses for the Company's insurance business is accumulated from its underwriting and claim systems. Reserving for reinsurance requires evaluation of loss information received from ceding companies. Ceding companies report losses in many forms depending on the type of contract and the agreed or contractual reporting requirements. Generally, pro rata contracts require the submission of a monthly/quarterly account, which includes premium and loss activity for the period with corresponding reserves as established by the ceding company. This information is recorded into the Company's records. For certain pro rata contracts, the Company may require a detailed loss report for claims that exceed a certain dollar threshold or relate to a particular type of loss. Excess of loss and facultative contracts generally require individual loss reporting with precautionary notices provided when a loss reaches a significant percentage of the attachment point of the contract or when certain causes of loss or types of injury occur. Experienced claims staff handles individual loss reports and supporting claim information. Based on evaluation of a claim, the Company may establish additional case reserves in addition to the case reserves reported by the ceding company. To ensure ceding companies are submitting required and accurate data, Everest's Underwriting, Claim, Reinsurance Accounting, and Internal Audit Departments perform various reviews of ceding companies, particularly larger ceding companies, including on-site audits.

The Company segments both reinsurance and insurance reserves into exposure groupings for actuarial analysis. The Company assigns business to exposure groupings so that the underlying exposures have reasonably homogeneous loss development characteristics and are large enough to facilitate credible estimation of ultimate losses. The Company periodically reviews its exposure groupings and may change groupings over time as business changes. The Company currently uses approximately 200 exposure groupings to develop reserve estimates. One of the key selection characteristics for the exposure groupings is the historical duration of the claims settlement process. Business in which claims are reported and settled relatively quickly are commonly referred to as short tail lines, principally property lines. On the other hand, casualty claims tend to take longer to be reported and settled and casualty lines are generally referred to as long tail lines. Estimates of ultimate losses for shorter tail lines, with the exception of loss estimates for large catastrophic events, generally exhibit less volatility than those for the longer tail lines.

The Company uses a variety of actuarial methodologies, such as the expected loss ratio method, chain ladder methods, and Bornhuetter-Ferguson methods, supplemented by judgment where appropriate, to estimate ultimate loss and LAE for each exposure group.

Expected Loss Ratio Method: The expected loss ratio method uses earned premium times an expected loss ratio to calculate ultimate losses for a given underwriting or accident year. This method relies entirely on expectation to project ultimate losses with no consideration given to actual losses. As such, it may be appropriate for an immature underwriting or accident year where few, if any, losses have been reported or paid, but less appropriate for a more mature year.

Chain Ladder Method: Chain ladder methods use a standard loss development triangle to project ultimate losses. Age-to-age development factors are selected for each development period and combined to calculate

age-to-ultimate development factors which are then applied to paid or reported losses to project ultimate losses. This method relies entirely on actual paid or reported losses to project ultimate losses. No other factors such as changes in pricing or other expectations are taken into account. It is most appropriate for groups with homogeneous, stable experience where past development patterns are expected to continue in the future. It is least appropriate for groups which have changed significantly over time or which are more volatile.

Bornhuetter-Ferguson Method: The Bornhuetter-Ferguson method is a combination of the expected loss ratio method and the chain ladder method. Ultimate losses are projected based partly on actual paid or reported losses and partly on expectation. Incurred but not reported (IBNR) reserves are calculated using earned premium, an a priori loss ratio, and selected age-to-age development factors and added to actual reported (paid) losses to determine ultimate losses. It is more responsive to actual reported or paid development than the expected loss ratio method but less responsive than the chain ladder method. The reliability of the method depends on the accuracy of the selected a priori loss ratio.

Although the Company uses similar actuarial methods for both short tail and long tail lines, the faster reporting of experience for the short tail lines allows the Company to have greater confidence in its estimates of ultimate losses for short tail lines at an earlier stage than for long tail lines. As a result, the Company utilizes, as well, exposure-based methods to estimate its ultimate losses for longer tail lines, especially for immature underwriting or accident years. For both short and long tail lines, the Company supplements these general approaches with analytically based judgments.

Key actuarial assumptions contain no explicit provisions for reserve uncertainty nor does the Company supplement the actuarially determined reserves for uncertainty.

Carried reserves at each reporting date are the Company's best estimate of ultimate unpaid losses and LAE at that date. The Company completes detailed reserve studies for each exposure group annually for both reinsurance and insurance operations. The completed annual reserve studies are "rolled-forward" for each accounting period until the subsequent reserve study is completed. Analyzing the roll-forward process involves comparing actual reported losses to expected losses based on the most recent reserve study. The Company analyzes significant variances between actual and expected losses and post adjustments to its reserves as warranted.

The Company continues to receive claims under expired insurance and reinsurance contracts asserting injuries and/or damages relating to or resulting from environmental pollution and hazardous substances, including asbestos. Environmental claims typically assert liability for (a) the mitigation or remediation of environmental contamination or (b) bodily injury or property damage caused by the release of hazardous substances into the land, air or water. Asbestos claims typically assert liability for bodily injury from exposure to asbestos or for property damage resulting from asbestos or products containing asbestos.

The Company's reserves include an estimate of the Company's ultimate liability for A&E claims. The Company's A&E liabilities emanate from direct insurance business and Everest Re's assumed reinsurance business. All of the contracts of insurance and reinsurance, under which the Company has received claims during the past three years, expired more than 20 years ago. There are significant uncertainties surrounding the Company's reserves for its A&E losses.

A&E exposures represent a separate exposure group for monitoring and evaluating reserve adequacy. The following table summarizes incurred losses with respect to A&E reserves on both a gross and net of reinsurance basis for the periods indicated:

(Dollars in thousands)	At December 31,		
	2019	2018	2017
Gross basis:			
Beginning of period reserves	\$ 347,495	\$ 448,993	\$ 441,111
Incurred losses	2,071	(2,473)	90,009
Paid losses	(91,645)	(99,026)	(82,126)
End of period reserves	\$ 257,921	\$ 347,495	\$ 448,993
Net basis:			
Beginning of period reserves	\$ 223,548	\$ 269,153	\$ 274,409
Incurred losses	-	-	25,194
Paid losses	(26,974)	(45,605)	(30,451)
End of period reserves	\$ 196,574	\$ 223,548	\$ 269,153

Reinsurance Receivables. Reinsurance receivables for both paid and unpaid losses totaled \$4,444,089 thousand and \$4,840,936 thousand at December 31, 2019 and 2018, respectively. At December 31, 2019, \$3,108,676 thousand, or 70.0%, was receivable from Everest Reinsurance (Bermuda), Ltd. ("Bermuda Re"), an affiliated entity, and is fully collateralized by a trust agreement and \$338,965 thousand, or 7.6%, was receivable from Mt. Logan Re Ltd. (Bermuda) ("Mt. Logan Re") collateralized segregated accounts. No other retrocessionaire accounted for more than 5% of reinsurance receivables.

4. FAIR VALUE

GAAP guidance regarding fair value measurements address 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 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.

In limited instances where prices are not provided by pricing services or in rare instances when a manager may not agree with the pricing service, price quotes on a non-binding basis are obtained from investment brokers. 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. In addition, the Company continually performs analytical reviews of price changes and tests the prices on a random basis to an independent pricing source. 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 December 31, 2019, \$702,331 thousand of fixed maturities, market value and \$5,826 thousand of fixed maturities, fair value were fair valued using unobservable inputs. The majority of the fixed maturities, market value, \$610,873 thousand and all of the \$5,826 thousand of fixed maturities, fair value, were valued by investment managers' valuation committees and a majority of these fair values were substantiated by valuations from independent third parties. The Company has procedures in place to review and evaluate these independent third party valuations. The remaining Level 3 fixed maturities of \$91,458 thousand were fair valued by the Company at either par or amortized cost, which the Company believes approximates fair value. At December 31, 2018, \$383,994 thousand of fixed maturities, market value and \$2,337 thousand of fixed maturities, fair value were fair valued using unobservable inputs. The majority of the fixed maturities, market value, \$354,133 thousand and all of the \$2,337 thousand of fixed maturities, fair value, were valued by investment managers' valuation committees and a majority of these fair values were substantiated by valuations from independent third parties. The remaining Level 3 fixed maturities of \$28,708 thousand were fair valued by the Company at either par or amortized cost and \$1,153 thousand were priced using a non-binding broker quote.

The Company internally manages a public equity portfolio which had a fair value at December 31, 2019 and December 31, 2018 of \$170,888 thousand and \$124,228 thousand, respectively, and all prices were obtained from publicly published sources.

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 or market value. The Company uses foreign currency exchange rates published by nationally recognized sources.

All categories of fixed maturity securities listed in the tables below are generally 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.

The fixed maturities with fair values categorized as level 3 result when prices are not available from the nationally recognized pricing services. The asset managers will then 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 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. In limited circumstances when broker prices are not available for private placements, the Company will value the securities using comparable market information or receive fair values from investment managers.

The composition and valuation inputs for the presented fixed maturities categories 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.

Other invested assets, at fair value, were categorized as Level 3 at December 31, 2019 and December 31, 2018, since it represented a privately placed convertible preferred stock issued by an affiliate. The stock was received in exchange for shares of the Company's parent. The 25 year redeemable, convertible preferred stock with a 1.75% coupon is valued using a pricing model. The pricing model includes observable inputs such as the U.S. Treasury yield curve rate T note constant maturity 20 year and the swap rate on the Company's June 1, 2044, 4.868% senior notes, with adjustments to reflect the Company's own assumptions about the inputs that market participants would use in pricing the asset.

The following table presents the fair value measurement levels for all assets, which the Company has recorded at fair value (fair and market value) as of the period indicated:

	December 31, 2019	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)
(Dollars in thousands)				
Assets:				
Fixed maturities, market value				
U.S. Treasury securities and obligations of U.S. government agencies and corporations	\$ 777,515	\$ -	\$ 777,515	\$ -
Obligations of U.S. States and political subdivisions	535,911	-	535,911	-
Corporate securities	2,821,557	-	2,274,618	546,939
Asset-backed securities	765,957	-	612,316	153,641
Mortgage-backed securities				
Commercial	329,049	-	329,049	-
Agency residential	644,687	-	644,687	-
Non-agency residential	1,638	-	1,638	-
Foreign government securities	658,007	-	658,007	-
Foreign corporate securities	957,758	-	956,007	1,751
Total fixed maturities, market value	7,492,079	-	6,789,748	702,331
Fixed maturities, fair value	5,826	-	-	5,826
Equity securities, fair value	764,049	719,548	44,501	-
Other invested assets, fair value	1,982,582	-	-	1,982,582

There were no transfers between Level 1 and Level 2 for the twelve months ended December 31, 2019.

The following table presents the fair value measurement levels for all assets, which the Company has recorded at fair value (fair and market value) as of the period indicated.

(Dollars in thousands)	December 31, 2018	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, market value				
U.S. Treasury securities and obligations of U.S. government agencies and corporations	\$ 2,242,797	\$ -	\$ 2,242,797	\$ -
Obligations of U.S. States and political subdivisions	499,089	-	499,089	-
Corporate securities	2,216,153	-	1,839,903	376,250
Asset-backed securities	221,255	-	221,255	-
Mortgage-backed securities				
Commercial	136,604	-	136,604	-
Agency residential	148,774	-	148,774	-
Non-agency residential	3,114	-	3,114	-
Foreign government securities	579,586	-	579,586	-
Foreign corporate securities	914,703	-	906,959	7,744
Total fixed maturities, market value	6,962,075	-	6,578,081	383,994
Fixed maturities, fair value	2,337	-	-	2,337
Equity securities, fair value	564,338	540,894	23,444	-
Other invested assets, fair value	1,717,336	-	-	1,717,336

In addition, \$209,578 thousand and \$117,662 thousand of investments within other invested assets on the consolidated balance sheets as of December 31, 2019 and 2018, 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 by asset type, for the periods indicated:

(Dollars in thousands)	Total Fixed Maturities, Market Value						
	December 31, 2019				December 31, 2018		
	Corporate Securities	Asset Backed Securities	Foreign Corporate	Total	Corporate Securities	Foreign Corporate	Total
Beginning balance	\$ 376,250	\$ -	\$ 7,744	\$ 383,994	\$ 158,221	\$ 6,952	\$ 165,173
Total gains or (losses) (realized/unrealized)							
Included in earnings	4,937	-	(12)	4,925	(93)	(660)	(753)
Included in other comprehensive income (loss)	(21)	3,632	(110)	3,501	1,090	-	1,090
Purchases, issuances and settlements	161,078	150,009	(5,871)	305,216	215,839	(298)	215,541
Transfers in and/or (out) of Level 3	4,695	-	-	4,695	1,193	1,750	2,943
Ending balance	\$ 546,939	\$ 153,641	\$ 1,751	\$ 702,331	\$ 376,250	\$ 7,744	\$ 383,994

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

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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(Some amounts may not reconcile due to rounding.)

	Total Fixed Maturities, Fair Value			
	December 31, 2019		December 31, 2018	
	Foreign Corporate	Total	Foreign Corporate	Total
(Dollars in thousands)				
Beginning balance fixed maturities at fair value	2,337	2,337	-	-
Total gains or (losses) (realized/unrealized)				
Included in earnings	2,163	2,163	(293)	(293)
Included in other comprehensive income (loss)	-	-	-	-
Purchases, issuances and settlements	1,326	1,326	2,630	2,630
Transfers in and/or (out) of Level 3	-	-	-	-
Ending balance	\$ 5,826	\$ 5,826	\$ 2,337	\$ 2,337

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

	\$ 1,796	\$ 1,796	\$ -	\$ -
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(Some amounts may not reconcile due to rounding.)

The net transfers to/(from) level 3, fair value measurements using significant unobservable inputs were \$4,695 thousand and \$2,943 thousand for the years ended December 31, 2019 and 2018, respectively, for fixed maturities, market value. The transfers were related to securities that were priced using a recognized pricing service as of December 31, 2018 and December 31, 2017, respectively. These securities were subsequently priced by investment managers as of December 31, 2019 and 2018, respectively.

The following table presents the activity under Level 3, fair value measurements using significant unobservable inputs by other invested assets, for the periods indicated:

	Years Ended December 31,	
	2019	2018
(Dollars in thousands)		
Other invested assets, fair value:		
Beginning balance	\$ 1,717,336	\$ 1,807,473
Total gains or (losses) (realized/unrealized)		
Included in earnings	265,246	(90,136)
Included in other comprehensive income (loss)	-	-
Purchases, issuances and settlements	-	-
Transfers in and/or (out) of Level 3	-	-
Ending balance	\$ 1,982,582	\$ 1,717,336

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

	\$ -	\$ -
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(Some amounts may not reconcile due to rounding.)

5. SENIOR NOTES

The table below displays Holdings' outstanding senior notes. Market 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.

(Dollars in thousands)	Date Issued	Date Due	Principal Amounts	December 31, 2019		December 31, 2018	
				Consolidated Balance Sheet Amount	Market Value	Consolidated Balance Sheet Amount	Market Value
				Senior notes	06/05/2014	06/01/2044	400,000

On June 5, 2014, Holdings issued \$400,000 thousand of 30 year senior notes at 4.868%, which will mature on June 1, 2044. Interest will be paid semi-annually on June 1 and December 1 of each year.

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

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Interest expense incurred	\$ 19,472	\$ 19,472	\$ 19,472

6. LONG TERM SUBORDINATED NOTES

The table below displays Holdings' outstanding fixed to floating rate long term subordinated notes. Market 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.

(Dollars in thousands)	Date Issued	Original Principal Amount	Maturity Date		December 31, 2019		December 31, 2018	
			Scheduled	Final	Consolidated Balance Sheet Amount	Market Value	Consolidated Balance Sheet Amount	Market Value
			Long term subordinated notes	04/26/2007	\$ 400,000	05/15/2037	05/01/2067	\$ 236,758

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 November 15, 2019 to February 17, 2020 is 4.3%.

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. Effective upon the maturity of the Company's 5.40% senior notes on October 15, 2014, the Company's 4.868% senior notes, due on June 1, 2044, have become the Company's long term indebtedness that ranks senior to the long term subordinated notes.

On March 19, 2009, Group announced the commencement of a cash tender offer for any and all of the 6.60% fixed to floating rate long term subordinated notes. Upon expiration of the tender offer, the Company had reduced its 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)	Years Ended December 31,		
	2019	2018	2017
Interest expense incurred	\$ 11,587	\$ 10,926	\$ 11,498

7. FEDERAL HOME LOAN BANK MEMBERSHIP

Effective August 15, 2019, Everest Re became a member of the Federal Home Loan Bank (“FHLB”) organization, which allows Everest Re to borrow up to 10% of its statutory admitted assets. As of December 31, 2019, Everest Re had admitted assets of \$12,518,844 thousand which provides borrowing capacity of up to \$1,251,884 thousand. Through December 31, 2019, Everest Re had no borrowings through the FHLB.

8. COLLATERALIZED REINSURANCE AND TRUST AGREEMENTS

A subsidiary of the Company, Everest Re, has established a trust agreement, which effectively uses Everest Re’s investments as collateral, as security for assumed losses payable to non-affiliated ceding companies. At December 31, 2019, the total amount on deposit in the trust account was \$718,548 thousand.

On April 24, 2014, the Company entered into two 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 specified named storm and earthquake events. The first agreement provides up to \$250,000 thousand of reinsurance coverage from named storms in specified states of the Southeastern United States. The second agreement provides up to \$200,000 thousand of reinsurance coverage from named storms in specified states of the Southeast, Mid-Atlantic and Northeast regions of the United States and Puerto Rico as well as reinsurance coverage from earthquakes in specified states of the Southeast, Mid-Atlantic, Northeast and West regions of the United States, Puerto Rico and British Columbia. These reinsurance agreements expired in April 2018.

On November 18, 2014, the Company entered into a collateralized reinsurance agreement with Kilimanjaro to provide the Company with catastrophe reinsurance coverage. This agreement is a multi-year reinsurance contract which covers specified earthquake events. The agreement provides up to \$500,000 thousand of reinsurance coverage from earthquakes in the United States, Puerto Rico and Canada. These reinsurance agreements expired in November, 2019.

On December 1, 2015, the Company entered into two collateralized reinsurance agreements with Kilimanjaro to provide the Company with catastrophe reinsurance coverage. These agreements are multi-year reinsurance contracts which cover named storm and earthquake events. The first agreement provides up to \$300,000 thousand of reinsurance coverage from named storms and earthquakes in the United States, Puerto Rico and Canada. The second agreement provides up to \$325,000 thousand of reinsurance coverage from named storms and earthquakes in the United States, Puerto Rico and Canada.

On April 13, 2017, the Company entered into six collateralized reinsurance agreements with Kilimanjaro to provide the Company with annual aggregate catastrophe reinsurance coverage. The initial three agreements are four year reinsurance contracts which cover named storm and earthquake events. These agreements provide up to \$225,000 thousand, \$400,000 thousand and \$325,000 thousand, respectively, of annual aggregate reinsurance coverage from named storms and earthquakes in the United States, Puerto Rico and Canada. The subsequent three agreements are five year reinsurance contracts which cover named storm and earthquake events. These agreements provide up to \$50,000 thousand, \$75,000 thousand and \$175,000 thousand, respectively, of annual aggregate reinsurance coverage from named storms and earthquakes in the United States, Puerto Rico and Canada.

On April 30, 2018, the Company entered into four collateralized reinsurance agreements with Kilimanjaro to provide the Company with catastrophe reinsurance coverage. These agreements are multi-year reinsurance contracts which cover named storm and earthquake events. The first two agreements are four year

reinsurance contracts which provide up to \$62,500 thousand and \$200,000 thousand, respectively, of annual aggregate reinsurance coverage from named storms and earthquakes in the United States, Puerto Rico, the U.S. Virgin Islands and Canada. The remaining two agreements are five year reinsurance contracts which provide up to \$62,500 thousand and \$200,000 thousand, respectively, of annual aggregate reinsurance coverage from named storms and earthquakes in the United States, Puerto Rico, the U.S. Virgin Islands and Canada.

On December 12, 2019, the Company entered into four collateralized reinsurance agreements with Kilimanjaro to provide the Company with catastrophe reinsurance coverage. These agreements are multi-year reinsurance contracts which cover named storm and earthquake events. The first two agreements are four year reinsurance contracts which provide up to \$150,000 thousand and \$275,000 thousand, respectively, of annual aggregate reinsurance coverage from named storms and earthquakes in the United States, Puerto Rico, the U.S. Virgin Islands and Canada. The remaining two agreements are five year reinsurance contracts which provide up to \$150,000 thousand and \$275,000 thousand, respectively, of annual aggregate reinsurance coverage from named storms and earthquakes in the United State, Puerto Rico, the U.S. Virgin Islands and Canada.

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. Currently, none of the published insured loss estimates for catastrophe events during the applicable covered periods have exceeded the single event retentions or aggregate retentions under the terms of the agreements that would result in a recovery.

Kilimanjaro has financed the various property catastrophe reinsurance coverages by issuing catastrophe bonds to unrelated, external investors. On April 24, 2014, Kilimanjaro issued \$450,000 thousand of notes ("Series 2014-1 Notes"). The \$450,000 thousand of Series 2014-1 Notes were fully redeemed on April 30, 2018 and are no longer outstanding. On November 18, 2014, Kilimanjaro issued \$500,000 thousand of notes ("Series 2014-2 Notes"). On December 1, 2015, Kilimanjaro issued \$625,000 thousand of notes ("Series 2015-1 Notes"). On April 13, 2017, Kilimanjaro issued \$950,000 thousand of notes ("Series 2017-1 Notes) and \$300,000 thousand of notes ("Series 2017-2 Notes). On April 30, 2018, Kilimanjaro issued \$262,500 thousand of notes ("Series 2018-1 Notes") and \$262,500 thousand of notes ("Series 2018-2 Notes"). On December 12, 2019 Kilimanjaro issued \$425,000 thousand of notes ("Series 2019-1 Notes") and \$425,000 thousand of notes ("Series 2019-2 Notes"). The proceeds from the issuance of the Notes listed above are held in reinsurance trust throughout the duration of the applicable reinsurance agreements and invested solely in US government money market funds with a rating of at least "AAAm" by Standard & Poor's.

9. LEASES

Effective January 1, 2019, the Company adopted ASU 2016-02 and ASU 2018-11 which outline new guidance on the accounting for leases. The Company enters into lease agreements for real estate that is primarily used for office space in the ordinary course of business. These leases are accounted for as operating leases, whereby lease expense is recognized on a straight-line basis over the term of the lease. Most leases include an option to extend or renew the lease term. The exercise of the renewal is at the Company's discretion. The operating lease liability includes lease payments related to options to extend or renew the lease term if the Company is reasonably certain of exercise those options. The Company, in determining the present value of lease payments utilizes either the rate implicit in the lease if that rate is readily determinable or the Company's incremental secured borrowing rate commensurate with terms of the underlying lease.

Supplemental information related to operating leases is as follows for the periods indicated:

(Dollars in thousands)	Year Ended December 31, 2019
Lease expense incurred:	
Operating lease cost	\$ 21,471

(Dollars in thousands)	At December 31, 2019
Operating lease right of use assets	\$ 152,978
Operating lease liabilities	160,387

(Dollars in thousands)	Year Ended December 31, 2019
Operating cash flows from operating leases	\$ (17,617)

(Dollars in thousands)	At December 31, 2019
Weighted average remaining operating lease term	12.8 years
Weighted average discount rate on operating leases	3.91 %

Maturities of the existing lease liabilities are expected to occur as follows:

(Dollars in thousands)	
2020	\$ 17,793
2021	15,106
2022	16,921
2023	16,465
2024	16,425
Thereafter	122,861
Undiscounted lease payments	205,571
Less: present value adjustment	45,184
Total operating lease liability	\$ 160,387

As of December 31, 2018, the Company accounted for leases per the guidance codified in Accounting Standards Codification, Topic 840-Leases. Based on prior guidance, the future minimum rental commitments, exclusive of cost escalation clauses, at December 31, 2018, for all of the Company's operating leases were \$73,873 thousand. The breakdown of the minimum rental commitments as of December 31, 2018 were as follows: \$17,004 thousand for 2019, \$16,594 thousand for 2020, \$7,806 thousand for 2021, \$7,501 thousand for 2022, \$7,385 thousand for 2023 and \$17,583 thousand for all years thereafter.

On July 2, 2019, the Company entered into a lease agreement to relocate its corporate offices from Liberty Corner, New Jersey to a corporate complex in Warren, New Jersey. The new lease, which covers approximately 315,000 square feet of office space, became effective in October, 2019 and runs through 2036. The initial base rent payment of the lease will be approximately \$650 thousand per month or \$7,800 thousand per year. The Company expects to relocate the existing operations and employees of the Liberty Corner, New Jersey facility to the new corporate complex during 2021.

10. INCOME TAXES

All of the income of Holdings U.S. subsidiaries, including its foreign branches, is subject to the applicable federal, foreign, state and local income taxes on corporations. The provision for income taxes in the consolidated statement of operations and comprehensive income (loss) has been determined by applying the respective tax laws to the income of each entity. The TCJA enacted on December 22, 2017 caused the Company to record an income tax benefit of \$123,143 thousand in 2017. The income tax provision reflects the lower 21% tax expense/(benefit) to be realized by the Company under the TCJA upon the reversal of the temporary differences in its deferred tax inventory account versus the 35% tax expense/(benefit) that had been expected to be realized before the TCJA. The significant components of the provision are as follows for the periods indicated:

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Current tax expense (benefit):			
U.S.	\$ (1,684)	\$ (50,964)	\$ (123,083)
Foreign	77	8	221
Total current tax expense (benefit)	(1,607)	(50,956)	(122,862)
Total deferred U.S. tax expense (benefit)	136,834	(316,069)	(77,874)
Total income tax expense (benefit)	\$ 135,228	\$ (367,025)	\$ (200,736)

A reconciliation of the total income tax provision using the statutory U.S. Federal Income tax rate to the Company's total income tax provision is as follows for the periods indicated:

(Dollars in thousands)	2019	2018	2017
Expected income tax provision at the U.S. statutory tax rate	\$ 160,762	\$ (279,216)	\$ (42,600)
Increase (reduction) in taxes resulting from:			
Tax exempt income	(3,680)	(3,824)	(8,488)
Dividend received deduction	(998)	(1,277)	(4,063)
Proration	1,050	1,150	1,760
Creditable foreign premium tax	(9,852)	(13,475)	(7,515)
Tax audit settlement	(1,576)	(2,060)	(11,565)
U.S. rate differential on carryback of net operation losses to PY	-	(43,734)	-
U.S. rate differential on deferred tax 2017 return to provision	-	(28,832)	-
Share based compensation tax benefits formerly in APIC	(2,987)	(1,450)	(3,308)
Impact of U.S. tax reform	-	-	(123,143)
Change in uncertain tax positions	(8,434)	8,434	-
Other	942	(2,741)	(1,814)
Total income tax provision	\$ 135,228	\$ (367,025)	\$ (200,736)

(Some amounts may not reconcile due to rounding.)

A reconciliation of the beginning and ending unrecognized tax benefits, for the periods indicated, is as follows:

(Dollars in thousands)	2019	2018	2017
Balance at January 1	\$ 8,434	\$ -	\$ -
Additions based on tax positions related to the current year	-	-	-
Additions for tax positions of prior years	-	8,434	-
Reductions for tax positions of prior years	(8,434)	-	-
Settlements with taxing authorities	-	-	-
Lapses of applicable statutes of limitations	-	-	-
Balance at December 31	\$ -	\$ 8,434	\$ -

At December 31, 2019, the Company's unrecognized tax benefits, excluding interest and penalties, that would impact the effective tax rate were \$0 thousand.

Interest and penalties related to unrecognized tax benefits are recognized in income tax expense. At December 31, 2019, the Company accrued \$0 thousand for the payment of interest (net of the federal benefit) and penalties. At December 31, 2019 and 2018, there were no accrued liabilities, respectively, for the payment of interest and penalties.

The Company's 2014 and subsequent U.S. tax years are open to audit by the IRS. In 2018, the IRS opened an audit of the 2014 tax year. To date, the Company has received only one notice of proposed adjustment for an immaterial amount of tax. The Company did propose affirmative beneficial tax return adjustments to the IRS at the start of the audit. In total, the Company expects a net tax refund of \$34,972 thousand plus net interest of \$2,421 thousand for the 2014 tax year. The refund is subject to IRS Joint Committee review and approval.

In 2019, the IRS opened an audit of the 2015 through 2017 tax years. To date, the Company has not received any Information Document Requests or notices of proposed adjustment. The Company had filed amended tax returns for 2015 and 2016 for \$1,519 thousand and \$4,685 thousand respectively. Those refunds, plus accrued interest of \$978 thousand and \$247 thousand respectively, will be settled at the conclusion of the audit.

Deferred income taxes reflect the tax effect of the temporary differences between the value of assets and liabilities for financial statement purposes and such values as measured by U.S. tax laws and regulations. The principal items making up the net deferred income tax assets/(liabilities) are as follows for the periods indicated:

(Dollars in thousands)	At December 31,	
	2019	2018
Deferred tax assets:		
Foreign tax credits	\$ 186,706	\$ 167,685
Unearned premium reserve	75,130	63,309
Loss reserves	66,025	64,135
Net unrecognized losses on benefit plans	19,818	17,921
Net operating loss	19,027	98,795
Unrealized foreign currency losses	7,958	12,590
Investment impairments	3,961	1,291
Uncollectible reinsurance reserve	3,142	3,142
Other tax credits	2,294	-
Deferred expenses	2,049	1,992
Net unrealized investment losses	-	9,745
Other assets	13,114	11,624
Total deferred tax assets	399,224	452,229
Deferred tax liabilities:		
Net fair value income	266,850	178,018
Deferred acquisition costs	81,931	74,736
Net unrealized investment gains	38,074	-
Partnership Investments	15,039	14,936
Benefit plan asset	2,333	3,600
Bond market discount	1,466	1,845
Other liabilities	3,796	2,022
Total deferred tax liabilities	409,489	275,157
Net deferred tax assets/(liabilities)	\$ (10,265)	\$ 177,072

(Some amounts may not reconcile due to rounding.)

At December 31, 2019, the Company has \$186,706 thousand of Foreign Tax Credits ("FTC") and no Alternative Minimum Tax ("AMT") credit carry forwards. The FTCs expire between 2020 and 2029. Beginning in 2018, AMT credits are recorded as a current receivable as a result of TCJA converting them into refundable credits to be received no later than with the filing of the 2021 U.S. corporation income tax return. The Company also has a tax effected U.S. Net Operating Loss ("NOL") carryforward of \$19,027 thousand. The NOL carryforward does not expire until 2038.

Management believes that it is more likely than not that the Company will realize all of its deferred tax assets. Accordingly, no valuation allowance has been recorded for the periods presented.

In performing our assessment of the recoverability of the deferred tax asset pursuant to ASC 740, the Company considered tax laws governing the utilization of the NOL and FTC carryforwards and other deferred tax assets in each applicable jurisdiction. Under U.S. tax law, a company generally must use its NOL carryforwards before it can use its FTC carryforwards. The Company evaluated all the positive and negative evidence impacting the realization of its deferred tax assets as of December 31, 2019 in the U.S. tax jurisdiction. Evidence considered in our analysis included the Company's ability to carryback NOL generated in

2017 and 2018, thus limiting the NOL to be carried forward beyond 2019. In addition, the Company implemented planning actions during 2019 and early 2020 to increase its planned U.S. source and foreign source income to better enable it to utilize its U.S. deferred tax assets and tax attributes. As of December 31, 2019, based on all the available evidence, the Company has concluded that it is more likely than not that the U.S. NOL and FTC carryforwards will be utilized prior to their respective expirations and, thus, no valuation allowance has been established in the U.S. jurisdiction.

As a result of the TCJA, the Company recognized a \$123,143 thousand tax benefit in the Company's Consolidated Statements of Operations for the year ended December 31, 2017. In accordance with SEC Staff Accounting Bulletin 118, in 2017 the Company recorded the effects of the TCJA using reasonable estimates due to the need for further analysis to complete the accounting.

The Company completed its accounting, and interpreted the additional guidance issued by the IRS and U.S. Department of the Treasury, and recognized an income tax benefit of \$1,154 thousand primarily related to the 2018 tax return to tax provision true-up.

Effective January 1, 2017, the Company adopted ASU 2016-09 which provided new guidance on the treatment of the tax effects of share based compensation transactions. ASU 2016-09 required that the income tax effects of restricted stock vestings and stock option exercises resulting from the change in value of share based compensation awards between the grant date and settlement (vesting/exercising) date be recorded as part of income tax expense (benefit) within the consolidated statements of operations and comprehensive income (loss). Per the new guidance, the Company recorded excess tax benefits of \$2,987 thousand and \$1,450 thousand related to restricted stock vestings and stock option exercises as part of income tax expense (benefit) within the consolidated statements of operations and comprehensive income (loss) in 2019 and 2018.

In years prior to 2017, the Company recorded tax benefits related to restricted stock vestings and stock option exercises as part of additional paid-in capital in the stockholder's equity section of the consolidated balance sheets.

The adoption of ASU 2016-09 did not impact the accounting treatment of tax benefits related to dividends on restricted stock. The tax benefits related to the payment of dividends on restricted stock have been recorded as part of additional paid-in capital in the stockholder's equity section of the consolidated balance sheets in all years. The tax benefits related to the payment of dividends on restricted stock were \$363 thousand and \$241 thousand in 2019 and 2018 respectively.

11. REINSURANCE

The Company utilizes reinsurance agreements to reduce its exposure to large claims and catastrophic loss occurrences. These agreements provide for recovery from reinsurers of a portion of losses and LAE under certain circumstances without relieving the Company of its underlying obligations to the policyholders. Losses and LAE incurred and premiums earned are reported after deduction for reinsurance. In the event that one or more of the reinsurers were unable to meet their obligations under these reinsurance agreements, the Company would not realize the full value of the reinsurance recoverable balances. The Company may hold partial collateral, including letters of credit and funds held, under these agreements. See also Note 1C, Note 3 and Note 8.

Premiums written and earned and incurred losses and LAE are comprised of the following for the periods indicated:

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Written premiums:			
Direct	\$ 2,449,198	\$ 1,996,606	\$ 1,873,115
Assumed	4,603,866	4,577,070	3,915,374
Ceded	(1,278,115)	(1,541,814)	(3,064,645)
Net written premiums	\$ 5,774,949	\$ 5,031,862	\$ 2,723,844
Premiums earned:			
Direct	\$ 2,255,388	\$ 1,903,576	\$ 1,655,023
Assumed	4,427,006	4,447,862	3,842,836
Ceded	(1,193,359)	(1,512,380)	(3,548,264)
Net premiums earned	\$ 5,489,035	\$ 4,839,058	\$ 1,949,595
Incurred losses and LAE:			
Direct	\$ 1,401,251	\$ 1,182,399	\$ 1,196,323
Assumed	2,913,987	4,162,776	3,108,753
Ceded	(486,116)	(534,157)	(2,265,325)
Net incurred losses and LAE	\$ 3,829,122	\$ 4,811,018	\$ 2,039,751

The Company has engaged in reinsurance transactions with Bermuda Re, Everest International Reinsurance, Ltd. ("Everest International"), Mt. Logan Re, Everest Insurance Company of Canada ("Everest Canada") and Lloyd's Syndicate 2786, which are affiliated companies primarily driven by enterprise risk and capital management considerations under which business is ceded at market rates and terms.

The table below represents affiliated quota share reinsurance agreements ("whole account quota share") for all new and renewal business for the indicated coverage period:

(Dollars in thousands)

Coverage Period	Ceding Company	Percent Ceded	Assuming Company	Type of Business	Single Occurrence Limit	Aggregate Limit
01/01/2010-12/31/2010	Everest Re	44.0 %	Bermuda Re	property / casualty business	150,000	325,000
01/01/2011-12/31/2011	Everest Re	50.0 %	Bermuda Re	property / casualty business	150,000	300,000
01/01/2012-12/31/2014	Everest Re	50.0 %	Bermuda Re	property / casualty business	100,000	200,000
01/01/2015-12/31/2016	Everest Re	50.0 %	Bermuda Re	property / casualty business	162,500	325,000
01/01/2017-12/31/2017	Everest Re	60.0 %	Bermuda Re	property / casualty business	219,000	438,000
01/01/2010-12/31/2010	Everest Re- Canadian Branch	60.0 %	Bermuda Re	property business	350,000 (1)	-
01/01/2011-12/31/2011	Everest Re- Canadian Branch	60.0 %	Bermuda Re	property business	350,000 (1)	-
01/01/2012-12/31/2012	Everest Re- Canadian Branch	75.0 %	Bermuda Re	property / casualty business	206,250 (1)	412,500 (1)
01/01/2013-12/31/2013	Everest Re- Canadian Branch	75.0 %	Bermuda Re	property / casualty business	150,000 (1)	412,500 (1)
01/01/2014-12/31/2017	Everest Re- Canadian Branch	75.0 %	Bermuda Re	property / casualty business	262,500 (1)	412,500 (1)
01/01/2012-12/31/2017	Everest Canada	80.0 %	Everest Re- Canadian Branch	property business	-	-

(1) Amounts shown are Canadian dollars.

Effective January 1, 2018, Everest Re entered into a twelve month whole account aggregate stop loss reinsurance contract ("stop loss agreement") with Bermuda Re. The stop loss agreement provides coverage for ultimate net losses on applicable net earned premiums above a retention level, subject to certain other coverage limits and conditions. The stop loss agreement was renewed effective January 1, 2019.

In addition, Everest Re entered into a property catastrophe excess of loss reinsurance contract with Bermuda Re, effective January 1, 2019. The contract provides \$100,000 thousand of reinsurance coverage for property catastrophe losses above certain attachment points.

The table below represents loss portfolio transfer (“LPT”) reinsurance agreements whereby net insurance exposures and reserves were transferred to an affiliate.

(Dollars in thousands)

Effective Date	Transferring Company	Assuming Company	% of Business or Amount of Transfer	Covered Period of Transfer
10/01/2001	Everest Re (Belgium Branch)	Bermuda Re	100 %	All years
10/01/2008	Everest Re	Bermuda Re	\$ 747,022	01/01/2002-12/31/2007
12/31/2017	Everest Re	Bermuda Re	\$ 970,000	All years

On December 31, 2017, the Company entered into a LPT agreement with Bermuda Re. The LPT agreement covers subject loss reserves of \$2,336,242 thousand for accident years 2017 and prior. As a result of the LPT agreement, the Company transferred \$1,000,000 thousand of cash and fixed maturity securities and transferred \$970,000 thousand of loss reserves to Bermuda Re. As part of the LPT agreement, Bermuda Re will provide an additional \$500,000 thousand of adverse development coverage on the subject loss reserves.

The following tables summarize the premiums and losses ceded by the Company to Bermuda Re and Everest International, respectively, and premiums and losses assumed by the Company from Everest Canada and Lloyd’s syndicate 2786 for the periods indicated:

	Years Ended December 31,		
	2019	2018	2017
Bermuda Re			
(Dollars in thousands)			
Ceded written premiums	\$ 100,084	\$ 572,620	\$ 2,219,352
Ceded earned premiums	101,681	586,120	2,796,939
Ceded losses and LAE	(51,686)	(49,955)	1,687,659

	Years Ended December 31,		
	2019	2018	2017
Everest International			
(Dollars in thousands)			
Ceded written premiums	\$ -	\$ -	\$ 10
Ceded earned premiums	-	-	44
Ceded losses and LAE	324	(753)	(990)

	Years Ended December 31,		
	2019	2018	2017
Everest Canada			
(Dollars in thousands)			
Assumed written premiums	\$ -	\$ -	\$ 25,871
Assumed earned premiums	-	-	54,558
Assumed losses and LAE	3,024	6,238	29,389

	Years Ended December 31,		
	2019	2018	2017
Lloyd’s Syndicate 2786			
(Dollars in thousands)			
Assumed written premiums	\$ (11,470)	\$ 10,800	\$ 35,607
Assumed earned premiums	(18,650)	35,826	33,590
Assumed losses and LAE	8,355	27,550	17,688

In 2013, Group established Mt. Logan Re, which is a Class 3 insurer based in Bermuda. Mt. Logan Re then established separate segregated accounts for its business activity, which invest in a diversified set of catastrophe exposures.

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.

Mt. Logan Re Segregated Accounts

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Ceded written premiums	\$ 240,721	\$ 207,439	\$ 192,928
Ceded earned premiums	235,500	212,046	192,573
Ceded losses and LAE	171,900	234,471	283,511
Assumed written premiums	-	10,582	11,984
Assumed earned premiums	-	10,582	11,984
Assumed losses and LAE	-	-	-

12. COMPREHENSIVE INCOME (LOSS)

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

(Dollars in thousands)	Year Ended			Year Ended			Year Ended		
	December 31, 2019			December 31, 2018			December 31, 2017		
	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Unrealized appreciation (depreciation) ("URA(D)") on securities - temporary	\$ 222,884	(46,971)	\$ 175,913	\$ (119,058)	\$ 25,582	\$ (93,476)	\$ (11,672)	\$ 4,085	\$ (7,587)
URA(D) on securities - OTTI	(546)	115	(431)	645	(135)	510	(4,537)	1,588	(2,949)
Reclassification of net realized losses (gains) included in net income (loss)	6,068	(988)	5,080	3,416	(1,395)	2,021	3,543	(1,240)	2,303
Foreign currency translation adjustments	21,708	(4,555)	17,153	(46,136)	9,705	(36,431)	57,564	(20,137)	37,427
Benefit plan actuarial net gain (loss)	(15,938)	3,347	(12,591)	(646)	136	(510)	1,300	(273)	1,027
Reclassification of amortization of net gain (loss) included in net income (loss)	6,902	(1,449)	5,453	6,356	(1,335)	5,021	8,426	(2,949)	5,477
Total other comprehensive income (loss)	\$ 241,078	\$ (50,501)	\$ 190,577	\$ (155,423)	\$ 32,558	\$ (122,865)	\$ 54,624	\$ (18,926)	\$ 35,698

(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	Years Ended December 31,		Affected line item within the statements of operations and comprehensive income (loss)
	2019	2018	
URA(D) on securities	\$ 6,068	\$ 3,416	Other net realized capital gains (losses)
	(988)	(1,395)	Income tax expense (benefit)
	\$ 5,080	\$ 2,021	Net income (loss)
Benefit plan net gain (loss)	\$ 6,902	\$ 6,356	Other underwriting expenses
	(1,449)	(1,335)	Income tax expense (benefit)
	\$ 5,453	\$ 5,021	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 thousands)	Years Ended December 31,	
	2019	2018
Beginning balance of URA (D) on securities	\$ (55,950)	\$ 37,442
Change to beginning balance due to adoption of ASU 2016-01	-	(2,447)
Current period change in URA (D) of investments - temporary	180,993	(91,455)
Current period change in URA (D) of investments - non-credit OTTI	(431)	510
Ending balance of URA (D) on securities	124,612	(55,950)
Beginning balance of foreign currency translation adjustments	(2,886)	33,545
Current period change in foreign currency translation adjustments	17,153	(36,431)
Ending balance of foreign currency translation adjustments	14,267	(2,886)
Beginning balance of benefit plan net gain (loss)	(67,418)	(71,929)
Current period change in benefit plan net gain (loss)	(7,138)	4,511
Ending balance of benefit plan net gain (loss)	(74,556)	(67,418)
Ending balance of accumulated other comprehensive income (loss)	\$ 64,324	\$ (126,254)

13. EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plans.

The Company maintains both qualified and non-qualified defined benefit pension plans for its U.S. employees employed prior to April 1, 2010. Generally, the Company computes the benefits based on average earnings over a period prescribed by the plans and credited length of service. The Company's non-qualified defined benefit pension plan provided compensating pension benefits for participants whose benefits have been curtailed under the qualified plan due to Internal Revenue Code limitations. Effective January 1, 2018, participants of the Company's non-qualified defined benefit pension plan may no longer accrue additional service benefits.

Although not required to make contributions under IRS regulations, the following table summarizes the Company's contributions to the defined benefit pension plans for the periods indicated:

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Company contributions	\$ 4,750	\$ 77,743	\$ 10,534

The following table summarizes the Company's pension expense for the periods indicated:

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Pension expense	\$ 10,042	\$ 9,728	\$ 16,299

The following table summarizes the status of these defined benefit plans for U.S. employees for the periods indicated:

(Dollars in thousands)	Years Ended December 31,	
	2019	2018
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 300,244	\$ 316,202
Service cost	8,255	9,801
Interest cost	11,712	10,290
Actuarial (gain)/loss	46,206	(29,966)
Curtailment	-	-
Benefits paid	(11,062)	(6,084)
Projected benefit obligation at end of year	355,355	300,244
Change in plan assets:		
Fair value of plan assets at beginning of year	260,531	210,267
Actual return on plan assets	47,247	(21,395)
Actual contributions during the year	4,750	77,743
Benefits paid	(11,062)	(6,084)
Fair value of plan assets at end of year	301,466	260,531
Funded status at end of year	\$ (53,889)	\$ (39,713)

(Some amounts may not reconcile due to rounding.)

Amounts recognized in the consolidated balance sheets for the periods indicated:

(Dollars in thousands)	At December 31,	
	2019	2018
Other assets (due beyond one year)	\$ -	\$ -
Other liabilities (due within one year)	(7,362)	(7,530)
Other liabilities (due beyond one year)	(46,527)	(32,182)
Net amount recognized in the consolidated balance sheets	\$ (53,889)	\$ (39,713)

Amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive income (loss) for the periods indicated:

(Dollars in thousands)	At December 31,	
	2019	2018
Accumulated income (loss)	\$ (97,466)	\$ (88,580)
Accumulated other comprehensive income (loss)	\$ (97,466)	\$ (88,580)

(Some amounts may not reconcile due to rounding.)

Other changes in other comprehensive income (loss) for the periods indicated are as follows:

(Dollars in thousands)	Years Ended December 31,	
	2019	2018
Other comprehensive income (loss) at December 31, prior year	\$ (88,580)	\$ (86,788)
Net gain (loss) arising during period	(16,927)	(8,631)
Recognition of amortizations in net periodic benefit cost:		
Actuarial loss	8,042	6,839
Curtailment loss recognized	-	-
Other comprehensive income (loss) at December 31, current year	\$ (97,466)	\$ (88,580)

(Some amounts may not reconcile due to rounding.)

Net periodic benefit cost for U.S. employees included the following components for the periods indicated:

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Service cost	8,255	\$ 9,801	\$ 10,949
Interest cost	11,712	10,290	10,034
Expected return on assets	(17,968)	(17,202)	(13,050)
Amortization of actuarial loss from earlier periods	7,635	6,839	8,366
Settlement	408	-	-
Net periodic benefit cost	\$ 10,042	\$ 9,728	\$ 16,299
Other changes recognized in other comprehensive income (loss):			
Other comprehensive income (loss) attributable to change from prior year	8,885	1,792	
Total recognized in net periodic benefit cost and other comprehensive income (loss)	\$ 18,927	\$ 11,520	

(Some amounts may not reconcile due to rounding.)

The estimated transition obligation, actuarial loss and prior service cost that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next year are \$0 thousand, \$9,461 thousand and \$0 thousand, respectively.

The weighted average discount rates used to determine net periodic benefit cost for 2019, 2018 and 2017 were 4.27%, 3.62% and 4.16%, respectively. The rate of compensation increase used to determine the net periodic benefit cost for 2019, 2018 and 2017 was 4.00%. The expected long-term rate of return on plan assets was 7.00% for 2019, 7.00% for 2018 and was 7.50% for 2017 based on expected portfolio returns and allocations.

The weighted average discount rates used to determine the actuarial present value of the projected benefit obligation for years end 2019, 2018 and 2017 were 3.28%, 4.27% and 3.62%, respectively.

The following table summarizes the accumulated benefit obligation for the periods indicated:

(Dollars in thousands)	At December 31,	
	2019	2018
Qualified Plan	\$ 288,328	\$ 237,855
Non-qualified Plan	21,642	24,472
Total	\$ 309,970	\$ 262,327

(Some amounts may not reconcile due to rounding.)

The following table displays the plans with projected benefit obligations in excess of plan assets for the periods indicated:

(Dollars in thousands)	At December 31,	
	2019	2018
Qualified Plan		
Projected benefit obligation	\$ 333,715	\$ 275,772
Fair value of plan assets	301,467	260,531
Non-qualified Plan		
Projected benefit obligation	\$ 21,642	\$ 24,472
Fair value of plan assets	-	-

The following table displays the plans with accumulated benefit obligations in excess of plan assets for the periods indicated:

(Dollars in thousands)	At December 31,	
	2019	2018
Qualified Plan		
Accumulated benefit obligation	\$ -	\$ -
Fair value of plan assets	-	-
Non-qualified Plan		
Accumulated benefit obligation	\$ 21,642	\$ 24,472
Fair value of plan assets	-	-

The following table displays the expected benefit payments in the periods indicated:

(Dollars in thousands)	
2020	\$ 15,670
2021	11,458
2022	12,198
2023	12,902
2024	13,985
Next 5 years	84,334

Plan assets consist of shares in investment trusts with 62%, 30%, 7% and 1% of the underlying assets consisting of equity securities, fixed maturities, limited partnerships and multi-strategy equity funds and cash, respectively. The Company manages the qualified plan investments for U.S. employees. The assets in the plan consist of debt and equity mutual funds. Due to the long term nature of the plan, the target asset allocation has historically been 70% equities and 30% bonds.

The following tables present the fair value measurement levels for the qualified plan assets at fair value for the periods indicated:

	December 31, 2019	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)
(Dollars in thousands)				
Assets:				
Short-term investments, which approximates fair value (a)	\$ 1,749	\$ 1,749	\$ -	\$ -
Mutual funds, fair value				
Fixed income (b)	90,483	90,483	-	-
Equities (c)	188,884	188,884	-	-
Total	\$ 281,116	\$ 281,116	\$ -	\$ -

(Some amounts may not reconcile due to rounding.)

- (a) This category includes high quality, short-term money market instruments, which are issued and payable in U.S. dollars.
- (b) This category includes fixed income funds, which invest in investment grade securities of corporations, governments and government agencies with approximately 70% in U.S. securities and 30% in international securities.
- (c) This category includes funds, which invest in small, mid and multi-cap equity securities including common stocks, securities convertible into common stock and securities with common stock characteristics, such as rights and warrants, with approximately 50% in U.S. equities and 50% in international equities.

There were no transfers between Level 1 and Level 2 for the twelve months ended December 31, 2019.

	December 31, 2018	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)
(Dollars in thousands)				
Assets:				
Short-term investments, which approximates fair value (a)	\$ 2,872	\$ 2,872	\$ -	\$ -
Mutual funds, fair value				
Fixed income (b)	82,633	82,633	-	-
Equities (c)	154,935	154,935	-	-
Total	\$ 240,440	\$ 240,440	\$ -	\$ -

(Some amounts may not reconcile due to rounding.)

- (a) This category includes high quality, short-term money market instruments, which are issued and payable in U.S. dollars.
- (b) This category includes fixed income funds, which invest in investment grade securities of corporations, governments and government agencies with approximately 50% in U.S. securities and 50% in international securities.
- (c) This category includes funds, which invest in small, mid and multi-cap equity securities including common stocks, securities convertible into common stock and securities with common stock characteristics, such as rights and warrants, with approximately 50% in U.S. equities and 50% in international equities.

In addition, \$20,351 thousand and \$20,091 thousand of investments which were recorded as part of the qualified plan assets at December 31, 2019 and 2018, respectively, are not included within the fair value hierarchy tables as the assets are valued using the NAV practical expedient guidance within ASU 2015-07.

The Company contributed \$0 thousand and \$77,000 thousand to the qualified pension benefit plan for the years ended December 31, 2019 and 2018, respectively.

Defined Contribution Plans.

The Company also maintains both qualified and non-qualified defined contribution plans ("Savings Plan" and "Non-Qualified Savings Plan", respectively) covering U.S. employees. Under the plans, the Company contributes up to a maximum 3% of the participants' compensation based on the contribution percentage of the employee. The Non-Qualified Savings Plan provides compensating savings plan benefits for participants whose benefits have been curtailed under the Savings Plan due to Internal Revenue Code limitations. In addition, effective for new hires (and rehires) on or after April 1, 2010, the Company will contribute between 3% and 8% of an employee's earnings for each payroll period based on the employee's age. These contributions will be 100% vested after three years.

The following table presents the Company's incurred expenses related to these plans for the periods indicated:

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Incurred expenses	\$ 10,794	\$ 9,301	\$ 7,167

In addition, the Company maintains several defined contribution pension plans covering non-U.S. employees. Each non-U.S. office (Brazil, Canada and Singapore) maintains a separate plan for the non-U.S. employees working in that location. The Company contributes various amounts based on salary, age and/or years of service. The contributions as a percentage of salary for the branch offices range from 6.0% to 8.4%. The contributions are generally used to purchase pension benefits from local insurance providers. The following table presents the Company's incurred expenses related to these plans for the periods indicated:

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Incurred expenses	\$ 474	\$ 489	\$ 514

Post-Retirement Plan.

The Company sponsors a Retiree Health Plan for employees employed prior to April 1, 2010. This plan provides healthcare benefits for eligible retired employees (and their eligible dependants), who have elected coverage. The Company anticipates that most covered employees will become eligible for these benefits if they retire while working for the Company. The cost of these benefits is shared with the retiree. The Company accrues the post-retirement benefit expense during the period of the employee's service.

A medical cost trend rate of 7.00% in 2019 was assumed to decrease gradually to 4.50% in 2029 and then remain at that level.

Changes in the assumed healthcare cost trend can have a significant effect on the amounts reported for the healthcare plans. A one percent change in the rate would have the following effects on:

(Dollars in thousands)	Percentage Point Increase	Percentage Point Decrease
	(\$ Impact)	(\$ Impact)
a. Effect on total service and interest cost components	\$ 434	\$ (335)
b. Effect on accumulated post-retirement benefit obligation	6,257	(4,833)

The following table presents the post-retirement benefit expenses for the periods indicated:

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Post-retirement benefit expenses	\$ 1,231	\$ 1,829	\$ 2,814

The following table summarizes the status of this plan for the periods indicated:

(Dollars in thousands)	At December 31,	
	2019	2018
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 28,483	\$ 34,717
Service cost	983	1,312
Interest cost	980	999
Amendments	(582)	-
Actuarial (gain)/loss	-	(7,985)
Benefits paid	(488)	(561)
Benefit obligation at end of year	29,376	28,483
Change in plan assets:		
Fair value of plan assets at beginning of year	-	-
Employer contributions	488	561
Benefits paid	(488)	(561)
Fair value of plan assets at end of year	-	-
Funded status at end of year	\$ (29,376)	\$ (28,483)

Amounts recognized in the consolidated balance sheets for the periods indicated:

(Dollars in thousands)	At December 31,	
	2019	2018
Other liabilities (due within one year)	\$ (611)	\$ (608)
Other liabilities (due beyond one year)	(28,764)	(27,875)
Net amount recognized in the consolidated balance sheets	\$ (29,376)	\$ (28,483)

(Some amounts may not reconcile due to rounding.)

Amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive income (loss) for the periods indicated:

(Dollars in thousands)	At December 31,	
	2019	2018
Accumulated income (loss)	\$ 188	\$ (238)
Accumulated prior service credit (cost)	2,904	3,480
Accumulated other comprehensive income (loss)	\$ 3,092	\$ 3,242

Other changes in other comprehensive income (loss) for the periods indicated are as follows:

(Dollars in thousands)	Years Ended December 31,	
	2019	2018
Other comprehensive income (loss) at December 31, prior year	\$ 3,242	\$ (4,260)
Net gain (loss) arising during period	582	7,985
Prior Service credit (cost) arising during period	-	-
Recognition of amortizations in net periodic benefit cost:		
Actuarial loss (gain)	(155)	94
Prior service cost	(577)	(577)
Other comprehensive income (loss) at December 31, current year	\$ 3,092	\$ 3,242

Net periodic benefit cost included the following components for the periods indicated:

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Service cost	\$ 983	\$ 1,312	\$ 1,570
Interest cost	980	999	1,184
Prior service credit recognition	(577)	(577)	(131)
Net gain recognition	(155)	94	192
Net periodic cost	\$ 1,231	\$ 1,829	\$ 2,814

Other changes recognized in other comprehensive income (loss):

Other comprehensive gain (loss) attributable to change from prior year	150	(7,502)
Total recognized in net periodic benefit cost and other comprehensive income (loss)	\$ 1,381	\$ (5,673)

(Some amounts may not reconcile due to rounding.)

The estimated transition obligation, actuarial loss and prior service credit that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year are \$0 thousand, \$0 thousand and (\$577) thousand, respectively.

The weighted average discount rates used to determine net periodic benefit cost for 2019, 2018 and 2017 were 4.27%, 3.62% and 4.16%, respectively.

The weighted average discount rates used to determine the actuarial present value of the projected benefit obligation at year end 2019, 2018 and 2017 were 3.28%, 4.27% and 3.62%, respectively.

The following table displays the expected benefit payments in the years indicated:

(Dollars in thousands)

2020	\$ 611
2021	673
2022	768
2023	851
2024	896
Next 5 years	6,377

14. DIVIDEND RESTRICTIONS AND STATUTORY FINANCIAL INFORMATION

Holdings and its operating subsidiaries are subject to various regulatory restrictions, including the amount of dividends that may be paid and the level of capital that the operating entities must maintain. These regulatory restrictions are based upon statutory capital as opposed to GAAP basis equity or net assets. Holdings' primary operating subsidiary, Everest Re, is regulated by Delaware law and is subject to the Risk-Based Capital Model ("RBC") developed by the National Association of Insurance Commissioners ("NAIC"). This model represents the aggregate regulatory restrictions on net assets and statutory capital and surplus.

Dividend Restrictions.

Delaware law provides that an insurance company which is a member of an insurance holding company system and is domiciled in the state shall not pay dividends without giving prior notice to the Insurance Commissioner of Delaware and may not pay dividends without the approval of the Insurance Commissioner if the value of the proposed dividend, together with all other dividends and distributions made in the preceding twelve months, exceeds the greater of (1) 10% of statutory surplus or (2) net income, not including realized capital gains, each as reported in the prior year's statutory annual statement. In addition, no dividend may be paid in excess of unassigned earned surplus. At December 31, 2019, Everest Re has \$373,914 thousand available for payment of dividends in 2020 without the need for prior regulatory approval.

Statutory Financial Information.

Everest Re prepares its statutory financial statements in accordance with accounting practices prescribed or permitted by the NAIC and the Delaware Insurance Department. Prescribed statutory accounting practices are set forth in the NAIC Accounting Practices and Procedures Manual. The capital and statutory surplus of Everest Re was \$3,739,140 thousand and \$3,650,594 thousand at December 31, 2019 and 2018, respectively. The statutory net income of Everest Re was \$363,034 thousand, for the year ended December 31, 2019 and the statutory net loss of Everest Re was \$1,317,991 thousand and \$391,419 thousand for the years ended December 31, 2018 and 2017, respectively.

There are certain regulatory and contractual restrictions on the ability of Holdings' operating subsidiaries to transfer funds to Holdings in the form of cash dividends, loans or advances. The insurance laws of the State of Delaware, where Holdings' direct insurance subsidiaries are domiciled, require regulatory approval before those subsidiaries can pay dividends or make loans or advances to Holdings that exceed certain statutory thresholds.

Capital Restrictions.

In the United States, Everest Re is subject to the RBC developed by the NAIC which determines an authorized control level risk-based capital. As long as the total adjusted capital is 200% or more of the authorized control level capital, no action is required by the Company.

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

(Dollars in thousands)	Everest Re ⁽¹⁾			
	At December 31,			
	2019		2018	
Regulatory targeted capital	\$	2,001,226	\$	2,172,958
Actual capital	\$	3,739,140	\$	3,650,594

(1) Regulatory targeted capital represents 200% of the RBC authorized control level calculation for the applicable year.

15. 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 loss adjustment expenses.

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.

The Company has entered into separate annuity agreements with The Prudential Insurance Company of America ("The Prudential") and an additional unaffiliated life insurance company in which the Company has either purchased annuity contracts or become the assignee of annuity proceeds that are meant to settle claim payment obligations in the future. In both instances, the Company would become contingently liable if either The Prudential or the unaffiliated life insurance company were unable to make payments related to the respective annuity contract.

The table below presents the estimated cost to replace all such annuities for which the Company was contingently liable for the periods indicated:

(Dollars in thousands)	At December 31,			
	2019		2018	
	The Prudential	\$	141,703	\$
Unaffiliated life insurance company		35,082		34,717

16. RELATED-PARTY TRANSACTIONS

Group

Group entered into a \$300,000 thousand long term note agreement with Everest Re as of December 17, 2019. The note will pay interest annually at a rate of 1.69% and is scheduled to mature in December, 2028. As of December 31, 2019 this transaction is presented as a Note Receivable – Affiliated in the Consolidated balance sheet of Holdings.

Group entered into a \$250,000 thousand long term promissory note agreement with Holdings as of December 31, 2014. The note was repaid in December 2018. Interest income in the amount of \$0 thousand and \$4,085 thousand was recorded by Holdings for the years ended December 31, 2019 and 2018, respectively.

Group's Board of Directors approved an amended share repurchase program authorizing Group and/or its subsidiary Holdings to purchase Group's common shares through open market transactions, privately negotiated transactions or both. The table below represents the amendments to the share repurchase program for the common shares approved for repurchase.

Amendment Date	Common Shares Authorized for Repurchase
<small>(Dollars in thousands)</small>	
09/21/2004	5,000,000
07/21/2008	5,000,000
02/24/2010	5,000,000
02/22/2012	5,000,000
05/15/2013	5,000,000
11/19/2014	5,000,000
	30,000,000

Holdings had purchased and held 9,719,971 Common Shares of Group, which were purchased in the open market between February 2007 and March 2011.

In December, 2015, Holdings transferred the 9,719,971 Common Shares of Group, which it held as other invested assets, at fair value, valued at \$1,773,214 thousand, to Preferred Holdings, an affiliated entity and subsidiary of Group, in exchange for 1,773,214 preferred shares of Preferred Holdings with a \$1,000 thousand par value and 1.75% annual dividend rate. After the exchange, Holdings no longer holds any shares or has any ownership interest in Group.

Holdings has reported the preferred shares in Preferred Holdings, as other invested assets, fair value, in the consolidated balance sheets with changes in fair value re-measurement recorded in net realized capital gains (losses) in the consolidated statements of operations and comprehensive income (loss). The following table presents the dividends received on the preferred shares of Preferred Holdings and on the Parent shares that are reported as net investment income in the consolidated statements of operations and comprehensive income (loss) for the period indicated.

<small>(Dollars in thousands)</small>	Years Ended December 31,		
	2019	2018	2017
Dividends received on preferred stock of affiliate	\$ 31,032	\$ 31,032	\$ 31,032

Affiliated Companies

Effective December 31, 2018, Holdings entered into a \$300,000 thousand long-term promissory note agreement with Bermuda Re. The note was repaid in May, 2019. This transaction was presented as a Note Payable – Affiliated in the consolidated balance sheets of Holdings as of December 31, 2018. Interest expense in the amount of \$3,658 thousand and \$0 thousand was recorded by Holdings for the years ended December 2019 and 2018, respectively.

Effective October 1, 2018, Holdings Ireland made a capital contribution of Global Services, an affiliated entity, to Holdings. Global Services had an equity value of \$227,253 thousand at the time of contribution and that value is classified as additional paid in capital in the Company's consolidated balance sheet as of December 31, 2018.

Everest Global Services, Inc. ("Global Services"), an affiliate of Holdings, provides centralized management and home office services, through a management agreement, to Holdings and other affiliated companies within Holdings' consolidated structure. Services provided by Everest Global include executive managerial services, legal services, actuarial services, accounting services, information technology services and others.

The following table presents the expenses incurred by Holdings from services provided by Everest Global for the periods indicated.

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Expenses incurred	\$ 107,851	\$ 81,346	\$ 91,927

17. SEGMENT REPORTING

The U.S. Reinsurance operation writes property and casualty reinsurance and specialty lines of business, including Marine, Aviation, Surety and Accident and Health ("A&H") business, on both a treaty and facultative basis, through reinsurance brokers, as well as directly with ceding companies primarily within the U.S. The International operation writes non-U.S. property and casualty reinsurance through Everest Re's branches in Canada, Singapore and through offices in Brazil, Miami and New Jersey. The Insurance operation writes property and casualty insurance directly and through brokers, surplus lines brokers and general agents mainly within the U.S.

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. We measure our underwriting results using ratios, in particular loss, commission and brokerage and other underwriting expense ratios, which, respectively, divide 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:

U.S. Reinsurance (Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Gross written premiums	\$ 2,962,416	\$ 3,014,337	\$ 2,593,063
Net written premiums	2,411,223	2,093,116	1,135,604
Premiums earned	\$ 2,369,093	\$ 1,979,926	\$ 858,155
Incurred losses and LAE	1,524,093	2,790,818	912,124
Commission and brokerage	703,271	568,374	160,311
Other underwriting expenses	68,796	60,266	55,881
Underwriting gain (loss)	\$ 72,933	\$ (1,439,532)	\$ (270,161)

International (Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Gross written premiums	\$ 1,637,957	\$ 1,555,245	\$ 1,339,546
Net written premiums	1,512,576	1,426,588	615,395
Premiums earned	\$ 1,427,043	\$ 1,406,460	\$ 502,322
Incurred losses and LAE	1,168,587	1,020,929	622,753
Commission and brokerage	324,015	355,528	101,936
Other underwriting expenses	41,236	37,661	36,291
Underwriting gain (loss)	\$ (106,795)	\$ (7,658)	\$ (258,658)

Insurance	Years Ended December 31,		
	2019	2018	2017
(Dollars in thousands)			
Gross written premiums	\$ 2,452,691	\$ 2,004,093	\$ 1,855,881
Net written premiums	1,851,150	1,512,158	972,845
Premiums earned	\$ 1,692,899	\$ 1,452,672	\$ 589,118
Incurred losses and LAE	1,136,442	999,271	504,874
Commission and brokerage	242,767	217,812	(51,322)
Other underwriting expenses	240,869	195,420	162,714
Underwriting gain (loss)	\$ 72,821	\$ 40,169	\$ (27,148)

The following table reconciles the underwriting results for the operating segments to income (loss) before taxes as reported in the consolidated statements of operations and comprehensive income (loss) for the periods indicated:

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Underwriting gain (loss)	\$ 38,959	\$ (1,407,021)	\$ (555,967)
Net investment income	356,211	314,381	286,259
Net realized capital gains (losses)	419,367	(185,356)	161,553
Corporate expense	(13,063)	(11,034)	(7,394)
Interest, fee and bond issue cost amortization expense	(34,931)	(30,611)	(31,183)
Other income (expense)	(1,589)	(9,568)	25,866
Income (loss) before taxes	\$ 764,955	\$ (1,329,209)	\$ (120,866)

The Company produces business in the U.S. and internationally. The net income deriving from assets residing in the individual foreign countries in which the Company writes business are not identifiable in the Company's financial records. Based on gross written premium, the table below presents the largest country, other than the U.S., in which the Company writes business, for the periods indicated:

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
Canada gross written premiums	\$ 214,594	\$ 173,530	\$ 130,136

No other country represented more than 5% of the Company's revenues.

Approximately 25.8%, 21.1% and 21.5% of the Company's gross written premiums in 2019, 2018 and 2017, respectively, were sourced through the Company's largest intermediary.

18. SUBSEQUENT EVENTS

The Company has evaluated known recognized and non-recognized subsequent events. In late 2019 and early 2020, wildfires, flooding and hailstorms have been impacting Australia. In addition, the Coronavirus outbreak is currently affecting many countries and investment markets around the world. Due to the recentness of these events, the Company is unable to estimate the effects of these matters on the fair value of our investments, investment credit losses or insured losses at this time. However, the Company anticipates that the losses from these events will adversely impact first quarter 2020 financial statements.

19. UNAUDITED QUARTERLY FINANCIAL DATA

Summarized quarterly financial data for the periods indicated:

(Dollars in thousands)	2019			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Operating data:				
Gross written premiums	\$ 1,684,882	\$ 1,688,038	\$ 1,890,002	\$ 1,790,142
Net written premiums	1,392,243	1,319,865	1,569,954	1,492,886
Premiums earned	1,270,454	1,375,623	1,428,400	1,414,558
Net investment income	84,534	90,709	95,592	85,376
Net realized capital gains (losses)	135,056	142,563	112,542	29,206
Total claims and underwriting expenses	1,174,175	1,255,551	1,562,452	1,505,892
Net income (loss)	251,608	280,922	61,137	36,060

(Dollars in thousands)	2018			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Operating data:				
Gross written premiums	\$ 1,466,231	\$ 1,632,284	\$ 1,759,190	\$ 1,715,970
Net written premiums	1,107,027	1,190,354	1,378,481	1,356,000
Premiums earned	1,116,010	1,179,836	1,230,771	1,312,441
Net investment income	69,909	72,070	90,298	82,104
Net realized capital gains (losses)	(60,201)	(42,271)	30,018	(112,902)
Total claims and underwriting expenses	1,057,972	1,600,124	1,347,593	2,282,035
Net income (loss)	(11,793)	(267,295)	21,966	(705,062)

20. REVISIONS TO FINANCIAL STATEMENTS

In preparing its current period financial statements, the Company identified errors in the handling of foreign exchange related to premium funds held from reinsureds. Although management determined that the impact of the foreign exchange differences were not material to prior period financial statements, the impact of recording the cumulative difference would have significantly impacted results within the current period. As a result, prior period balances have been revised in the applicable financial statements and corresponding footnotes to correct the foreign exchange adjustments.

Management assessed the materiality of this change within prior period financial statements based upon SEC Staff Accounting Bulletin Number 99, Materiality, which is since codified in Accounting Standards Codification ("ASC") 250, Accounting Changes and Error Corrections. The prior period comparative financial statements that are presented herein have been revised.

The following tables present line items for prior period financial statements that have been affected by the revision. For these line items, the tables detail the amounts as previously reported, the impact upon those line items due to the revision, and the amounts as currently revised within the financial statements.

CONSOLIDATED BALANCE SHEETS	December 31, 2018			December 31, 2017		
	As Previously	Impact of	As Revised	As Previously	Impact of	As Revised
	Reported	Revisions		Reported	Revisions	
(Dollars in thousands)						
ASSETS:						
Funds held by reinsureds	238,566	(10,010)	228,556	210,939	(4,292)	206,647
Income taxes	409,892	2,102	411,994	87,110	901	88,011
TOTAL ASSETS	\$ 18,688,205	\$ (7,908)	\$ 18,680,297	\$ 17,888,512	\$ (3,391)	\$ 17,885,121
SHAREHOLDERS' EQUITY:						
Retained earnings	4,070,604	(7,908)	4,062,696	5,025,824	(3,391)	5,022,433
Total shareholders' equity	5,044,665	(7,908)	5,036,757	5,412,723	(3,391)	5,409,332
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 18,688,205	\$ (7,908)	\$ 18,680,297	\$ 17,888,512	\$ (3,391)	\$ 17,885,121

CONSOLIDATED BALANCE SHEETS	June 30, 2019			March 31, 2019		
	As Previously	Impact of	As Revised	As Previously	Impact of	As Revised
	Reported	Revisions		Reported	Revisions	
(Dollars in thousands)						
ASSETS:						
Funds held by reinsureds	250,903	(10,768)	240,135	248,993	(9,524)	239,469
Income taxes	151,109	2,261	153,370	289,210	2,000	291,210
TOTAL ASSETS	\$ 19,235,832	\$ (8,507)	\$ 19,227,325	\$ 19,063,665	\$ (7,524)	\$ 19,056,141
SHAREHOLDERS' EQUITY:						
Retained earnings	4,603,734	(8,507)	4,595,227	4,321,830	(7,524)	4,314,306
Total stockholder's equity	5,743,746	(8,507)	5,735,239	5,394,126	(7,524)	5,386,602
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 19,235,832	\$ (8,507)	\$ 19,227,325	\$ 19,063,665	\$ (7,524)	\$ 19,056,141

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE	Year Ended December 31, 2018			Year Ended December 31, 2017		
	As Previously	Impact of	As Revised	As Previously	Impact of	As Revised
	Reported	Revisions		Reported	Revisions	
(Dollars in thousands)						
INCOME (LOSS):						
Revenues:						
Other income (expense)	(3,851)	(5,717)	(9,568)	23,750	2,116	25,866
Total revenues	\$ 4,964,232	\$ (5,717)	\$ 4,958,515	\$ 2,421,157	\$ 2,116	\$ 2,423,273
INCOME (LOSS) BEFORE TAXES	\$ (1,323,492)	\$ (5,717)	\$ (1,329,209)	\$ (122,982)	\$ 2,116	\$ (120,866)
Income tax expense (benefit)	(365,825)	(1,200)	(367,025)	(201,180)	444	(200,736)
NET INCOME (LOSS)	\$ (957,667)	\$ (4,517)	\$ (962,184)	\$ 78,198	\$ 1,672	\$ 79,870
COMPREHENSIVE INCOME (LOSS)	\$ (1,080,532)	\$ (4,517)	\$ (1,085,049)	\$ 113,896	\$ 1,672	\$ 115,568

CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE

INCOME (LOSS):	Three Months Ended June 30, 2019			Six Months Ended June 30, 2019		
	As Previously	Impact of	As Revised	As Previously	Impact of	As Revised
	Reported	Revisions		Reported	Revisions	
(Dollars in thousands)						
Revenues:						
Other income (expense)	(3,812)	(1,243)	(5,055)	(5,026)	(759)	(5,785)
Total revenues	\$ 1,605,083	\$ (1,243)	\$ 1,603,840	\$ 3,093,913	\$ (759)	\$ 3,093,154
INCOME (LOSS) BEFORE TAXES	\$ 349,532	\$ (1,243)	\$ 348,289	\$ 664,187	\$ (759)	\$ 663,428
Income tax expense (benefit)	67,628	(261)	67,367	131,057	(159)	130,898
NET INCOME (LOSS)	\$ 281,904	\$ (982)	\$ 280,922	\$ 533,130	\$ (600)	\$ 532,530
COMPREHENSIVE INCOME (LOSS)	\$ 349,533	\$ (982)	\$ 348,551	\$ 698,907	\$ (600)	\$ 698,307

CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS):

	Three Months Ended March 31, 2019		
	As Previously	Impact of	As Revised
	Reported	Revisions	
(Dollars in thousands)			
Revenues:			
Other income (expense)	(1,214)	484	(730)
Total revenues	\$ 1,488,830	\$ 484	\$ 1,489,314
INCOME (LOSS) BEFORE TAXES	\$ 314,655	\$ 484	\$ 315,139
Income tax expense (benefit)	63,429	102	63,531
NET INCOME (LOSS)	\$ 251,226	\$ 382	\$ 251,608
COMPREHENSIVE INCOME (LOSS)	\$ 349,374	\$ 382	\$ 349,756

CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE

INCOME (LOSS):	Three Months Ended September 30, 2018			Nine Months Ended September 30, 2018		
	As Previously	Impact of	As Revised	As Previously	Impact of	As Revised
	Reported	Revisions		Reported	Revisions	
(Dollars in thousands)						
Revenues:						
Other income (expense)	(1,385)	(3,417)	(4,802)	1,420	(5,325)	(3,905)
Total revenues	\$ 1,349,702	\$ (3,417)	\$ 1,346,285	\$ 3,687,860	\$ (5,325)	\$ 3,682,535
INCOME (LOSS) BEFORE TAXES	\$ 2,109	\$ (3,417)	\$ (1,308)	\$ (317,829)	\$ (5,325)	\$ (323,154)
Income tax expense (benefit)	(22,556)	(718)	(23,274)	(64,914)	(1,118)	(66,032)
NET INCOME (LOSS)	\$ 24,665	\$ (2,699)	\$ 21,966	\$ (252,915)	\$ (4,207)	\$ (257,122)
COMPREHENSIVE INCOME (LOSS)	\$ 19,153	\$ (2,699)	\$ 16,454	\$ (346,619)	\$ (4,207)	\$ (350,826)

CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE

INCOME (LOSS):	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	As Previously	Impact of	As Revised	As Previously	Impact of	As Revised
	Reported	Revisions		Reported	Revisions	
(Dollars in thousands)						
Revenues:						
Other income (expense)	77,682	(2,388)	75,294	2,805	(1,908)	897
Total revenues	\$ 1,287,317	\$ (2,388)	\$ 1,284,929	\$ 2,338,158	\$ (1,908)	\$ 2,336,250
INCOME (LOSS) BEFORE TAXES	\$ (312,807)	\$ (2,388)	\$ (315,195)	\$ (319,938)	\$ (1,908)	\$ (321,846)
Income tax expense (benefit)	(47,399)	(501)	(47,900)	(42,538)	(400)	(42,938)
NET INCOME (LOSS)	\$ (265,408)	\$ (1,887)	\$ (267,295)	\$ (277,580)	\$ (1,508)	\$ (279,088)
COMPREHENSIVE INCOME (LOSS)	\$ (302,416)	\$ (1,887)	\$ (304,303)	\$ (365,772)	\$ (1,508)	\$ (367,280)

CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS):

	Three Months Ended March 31, 2018		
	As Previously	Impact of	As Revised
	Reported	Revisions	
(Dollars in thousands)			
Revenues:			
Other income (expense)	(74,877)	480	(74,397)
Total revenues	\$ 1,050,841	\$ 480	\$ 1,051,321
INCOME (LOSS) BEFORE TAXES	\$ (7,131)	\$ 480	\$ (6,651)
Income tax expense (benefit)	5,041	101	5,142
NET INCOME (LOSS)	\$ (12,172)	\$ 379	\$ (11,793)
COMPREHENSIVE INCOME (LOSS)	\$ (63,356)	\$ 379	\$ (62,977)

CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDER'S EQUITY

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	As Previously	Impact of	As Revised	As Previously	Impact of	As Revised
	Reported	Revisions		Reported	Revisions	
(Dollars in thousands)						
RETAINED EARNINGS:						
Balance, beginning of period	\$ 5,025,824	\$ (3,391)	\$ 5,022,433	\$ 4,947,301	\$ (5,062)	\$ 4,942,239
Net income (loss)	(957,667)	(4,517)	(962,184)	78,198	1,672	79,870
Balance, end of period	4,070,604	(7,908)	4,062,696	5,025,824	(3,391)	5,022,433
TOTAL STOCKHOLDER'S EQUITY, END OF PERIOD	\$ 5,044,665	\$ (7,908)	\$ 5,036,757	\$ 5,412,723	\$ (3,391)	\$ 5,409,332

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY	Six Months Ended June 30, 2019			Three Months Ended March 31, 2019		
	As Previously	Impact of	As Revised	As Previously	Impact of	As Revised
	Reported	Revisions		Reported	Revisions	
(Dollars in thousands)						
RETAINED EARNINGS:						
Balance, January 1	\$ 4,070,604	\$ (7,908)	\$ 4,062,696	\$ 4,070,604	\$ (7,908)	\$ 4,062,696
Net income (loss)	251,226	382	251,608	251,226	382	251,608
Balance, March 31	4,321,830	(7,524)	4,314,306	4,321,830	(7,524)	4,314,306
Net income (loss)	281,904	(982)	280,922			
Balance, June 30	4,603,734	(8,507)	4,595,227			
TOTAL STOCKHOLDER'S EQUITY, June 30	\$ 5,743,746	\$ (8,507)	\$ 5,735,239	\$ 5,394,126	\$ (7,524)	\$ 5,386,602

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY	Three Months Ended September 30, 2018			Nine Months Ended September 30, 2018		
	As Previously	Impact of	As Revised	As Previously	Impact of	As Revised
	Reported	Revisions		Reported	Revisions	
(Dollars in thousands)						
RETAINED EARNINGS:						
Balance, beginning of period	\$ 4,750,691	\$ (4,897)	\$ 4,745,792	\$ 5,025,824	\$ (3,391)	\$ 5,022,433
Net income (loss)	24,665	(2,699)	21,966	(252,915)	(4,207)	(257,122)
Balance, end of period	4,775,356	(7,597)	4,767,758	4,775,356	(7,597)	4,767,758
TOTAL STOCKHOLDER'S EQUITY, END OF PERIOD	\$ 5,066,243	\$ (7,597)	\$ 5,058,645	\$ 5,066,243	\$ (7,597)	\$ 5,058,645

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	As Previously	Impact of	As Revised	As Previously	Impact of	As Revised
	Reported	Revisions		Reported	Revisions	
(Dollars in thousands)						
RETAINED EARNINGS:						
Balance, beginning of period	\$ 5,016,099	\$ (3,011)	\$ 5,013,087	\$ 5,025,824	\$ (3,391)	\$ 5,022,433
Net income (loss)	(265,408)	(1,887)	(267,295)	(277,580)	(1,508)	(279,088)
Balance, end of period	4,750,691	(4,897)	4,745,792	4,750,691	(4,897)	4,745,792
TOTAL STOCKHOLDER'S EQUITY, END OF PERIOD	\$ 5,047,046	\$ (4,897)	\$ 5,042,149	\$ 5,047,046	\$ (4,897)	\$ 5,042,149

CONSOLIDATED STATEMENTS OF

Three Months Ended March 31, 2018

CHANGES IN STOCKHOLDER'S EQUITY

	As Previously Reported	Impact of Revisions	As Revised
(Dollars in thousands)			
RETAINED EARNINGS:			
Balance, beginning of period	\$ 5,025,824	\$ (3,391)	\$ 5,022,433
Net income (loss)	(12,172)	379	(11,793)
Balance, end of period	5,016,099	(3,011)	5,013,087
TOTAL STOCKHOLDER'S EQUITY, END OF PERIOD	\$ 5,349,415	\$ (3,011)	\$ 5,346,404

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	As Previously Reported	Impact of Revisions	As Revised	As Previously Reported	Impact of Revisions	As Revised
(Dollars in thousands)						
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income (loss)	\$ (957,667)	\$ (4,517)	\$ (962,184)	\$ 78,198	\$ 1,672	\$ 79,870
Decrease (increase) in funds held by reinsureds, net	(26,680)	5,717	(20,963)	(90,410)	(2,116)	(92,526)
Decrease (increase) in income taxes	(291,528)	(1,200)	(292,728)	(250,118)	444	(249,674)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2019			Three Months Ended March 31, 2019		
	As Previously Reported	Impact of Revisions	As Revised	As Previously Reported	Impact of Revisions	As Revised
(Dollars in thousands)						
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income (loss)	\$ 533,130	\$ (600)	\$ 532,530	\$ 251,226	\$ 382	\$ 251,608
Decrease (increase) in funds held by reinsureds, net	(14,688)	759	(13,929)	(13,877)	(484)	(14,361)
Decrease (increase) in income taxes	214,830	(159)	214,671	94,631	102	94,733

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 2018			Six Months Ended June 30, 2018		
	As Previously Reported	Impact of Revisions	As Revised	As Previously Reported	Impact of Revisions	As Revised
(Dollars in thousands)						
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income (loss)	\$ (252,915)	\$ (4,207)	\$ (257,122)	\$ (277,580)	\$ (1,508)	\$ (279,088)
Decrease (increase) in funds held by reinsureds, net	(22,523)	5,325	(17,198)	(13,233)	1,908	(11,326)
Decrease (increase) in income taxes	11,069	(1,118)	9,951	4,652	(400)	4,252

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 2018		
	As Previously Reported	Impact of Revisions	As Revised
(Dollars in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (12,172)	\$ 379	\$ (11,793)
Decrease (increase) in funds held by reinsureds, net	136,342	(480)	135,862
Decrease (increase) in income taxes	52,369	101	52,470

SCHEDULE I - SUMMARY OF INVESTMENTS -
OTHER THAN INVESTMENTS IN RELATED PARTIES
DECEMBER 31, 2019

Column A	Column B	Column C	Column D
			Amount Shown in Balance Sheet
(Dollars in thousands)	Cost	Market Value	
Fixed maturities-available for sale			
Bonds:			
U.S. government and government agencies	\$ 768,374	\$ 777,515	\$ 777,515
State, municipalities and political subdivisions	506,347	535,911	535,911
Foreign government securities	646,149	658,007	658,007
Foreign corporate securities	935,640	957,758	957,758
Public utilities	100,728	103,659	103,659
All other corporate bonds	3,429,829	3,475,879	3,475,879
Mortgage - backed securities			
Commercial	311,961	329,049	329,049
Agency residential	625,612	644,687	644,687
Non-agency residential	1,638	1,638	1,638
Redeemable preferred stock	8,147	7,976	7,976
Total fixed maturities-available for sale	7,334,425	7,492,079	7,492,079
Fixed maturities - available for sale, at fair value	3,966	5,826	5,826
Equity securities at fair value(1)	642,240	764,049	764,049
Short-term investments	279,824	279,879	279,879
Other invested assets	1,020,766	1,020,766	1,020,766
Other invested assets, at fair value (1)	1,773,214	1,982,582	1,982,582
Cash	411,122	411,122	411,122
Total investments and cash	\$ 11,465,557	\$ 11,956,303	\$ 11,956,303

(Some amounts may not reconcile due to rounding.)

(1) Original cost does not reflect adjustments, which have been realized through the statements of operations and comprehensive income.

SCHEDULE II - CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT
CONDENSED BALANCE SHEETS

	At December 31,	
	2019	2018
(Dollars in thousands, except share amounts and par value per share)		
ASSETS:		
Fixed maturities - available for sale, at market value (amortized cost: 2019, \$1,750; 2018, \$13,390)	\$ 1,750	\$ 13,750
Equity securities - available for sale, at fair value	75,585	53,401
Other invested assets	56,909	59,979
Other invested assets, at fair value	1,982,582	1,717,336
Short-term investments	20,514	4,111
Cash	10,384	10,609
Total investments and cash	2,147,724	1,859,186
Investment in subsidiaries, at equity in the underlying net assets	4,580,852	4,318,223
Note receivable - affiliated	10,000	-
Accrued investment income	573	19
Advances to affiliates	(39)	(72)
Other assets	162	32
TOTAL ASSETS	6,739,272	6,177,388
LIABILITIES:		
Senior notes due 6/1/2044	\$ 397,074	\$ 396,954
Long term notes due 5/1/2067	236,758	236,659
Note payable - affiliated	-	300,000
Accrued interest on debt and borrowings	2,878	3,093
Income taxes	243,062	202,443
Due to affiliates	1,016	544
Other liabilities	1,059	938
Total liabilities	881,847	1,140,631
STOCKHOLDER'S EQUITY:		
Common stock, par value: \$0.01; 3,000 shares authorized; 1,000 shares issued and outstanding (2019 and 2018)	-	-
Additional paid-in capital	1,100,678	1,100,315
Accumulated other comprehensive income (loss), net of deferred income tax expense (benefit) of \$16,997 at 2019 and (\$33,506) at 2018	64,324	(126,254)
Retained earnings	4,692,423	4,062,696
Total stockholder's equity	5,857,425	5,036,757
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	6,739,272	6,177,388

See notes to consolidated financial statements.

SCHEDULE II - CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT
CONDENSED STATEMENTS OF OPERATIONS

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
REVENUES:			
Net investment income	\$ 34,970	\$ 38,951	\$ 34,813
Net investment income - Affiliated	412	4,085	4,300
Net realized capital gains (losses)	274,110	(87,267)	81,027
Other income (expense)	524	(6,085)	1,819
Net income (loss) of subsidiaries	370,084	(906,211)	(124,269)
Total revenues	680,100	(956,527)	(2,310)
EXPENSES:			
Interest expense	34,931	30,611	31,183
Corporate expense	6,810	6,337	5,233
Total expenses	41,741	36,948	36,416
INCOME (LOSS) BEFORE TAXES	638,359	(993,475)	(38,726)
Income tax expense (benefit)	8,632	(31,291)	(118,596)
NET INCOME (LOSS)	\$ 629,727	\$ (962,184)	\$ 79,870
Other comprehensive income (loss), net of tax :			
Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period	175,482	(92,966)	(10,536)
Less: reclassification adjustment for realized losses (gains) included in net income (loss)	5,080	2,021	2,303
Total URA(D) on securities arising during the period	180,562	(90,945)	(8,233)
Foreign currency translation adjustments	17,153	(36,431)	37,427
Benefit plan actuarial net gain (loss) for the period	(12,591)	(510)	1,027
Reclassification adjustment for amortization of net (gain) loss included in net income (loss)	5,453	5,021	5,477
Total benefit plan net gain (loss) for the period	(7,138)	4,511	6,504
Total other comprehensive income (loss), net of tax	190,577	(122,865)	35,698
COMPREHENSIVE INCOME (LOSS)	\$ 820,304	\$ (1,085,049)	\$ 115,568

See notes to consolidated financial statements.

SCHEDULE II - CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT
CONDENSED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Years Ended December 31,		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 629,727	\$ (962,184)	\$ 79,870
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in (earnings) deficit of subsidiaries	(370,084)	906,211	124,269
Dividends received from subsidiary	300,000	90,000	-
Increase (decrease) in income taxes	40,695	4,687	(113,329)
Change in equity adjustments in limited partnerships	2,468	(2,617)	(121)
Change in other assets and liabilities, net	(16,615)	(20,450)	28,928
Amortization of bond premium (accrual of bond discount)	13	370	450
Net realized capital losses (gains)	(274,110)	87,267	(81,027)
Net cash provided by (used in) operating activities	<u>312,094</u>	<u>103,284</u>	<u>39,040</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additional investment in subsidiaries	15,174	(1,383,659)	741
Proceeds from fixed maturities matured/called - available for sale, at market value	-	9,385	6,612
Proceeds from fixed maturities sold - available for sale, at market value	12,000	96,836	7,189
Proceeds from equity maturities sold - available for sale, at fair value	18,905	182,552	37,634
Distributions from other invested assets	389,200	1,401,606	132,064
Cost of fixed maturities acquired - available for sale, at market value	-	(13,510)	(24,058)
Cost of equity securities acquired - available for sale, at fair value	(32,597)	(39,449)	(54,605)
Cost of other invested assets acquired	(388,598)	(1,407,352)	(152,446)
Net change in short-term investments	(16,403)	396	8,506
Net change in unsettled securities transaction	-	(99)	(604)
Proceeds from repayment (cost of issuance) of note receivable, affiliated	(10,000)	250,000	-
Net cash provided by (used in) investing activities	<u>(12,319)</u>	<u>(903,294)</u>	<u>(38,967)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Capital contribution from parent	-	500,324	-
Proceeds from issuance (cost of repayment) for note payable, affiliated	(300,000)	300,000	-
Net cash provided by (used in) financing activities	<u>(300,000)</u>	<u>800,324</u>	<u>-</u>
Net increase (decrease) in cash	(225)	314	73
Cash, beginning of period	10,609	10,295	10,222
Cash, end of period	<u>\$ 10,384</u>	<u>\$ 10,609</u>	<u>\$ 10,295</u>
Non-cash financing transaction:			
Equity value of non-cash capital contribution of affiliate from parent, net of cash held by affiliate	\$ -	\$ 211,928	\$ -
Non-cash contribution from parent	-	221	598
Non-cash contribution to subsidiaries	-	(221)	(598)

See notes to consolidated financial statements.

SCHEDULE II – CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT
NOTES TO CONDENSED FINANCIAL INFORMATION

- 1) The accompanying condensed financial information should be read in conjunction with the Consolidated Financial Statements and related Notes of Everest Reinsurance Holdings, Inc. and its Subsidiaries.
- 2) The Senior Notes and Long-Term Subordinated Notes presented in Notes 5 and 6 are direct obligations of the Registrant.
- 3) Everest Re Group, Ltd., the parent company, entered into a \$250,000 thousand long term promissory note agreement with Everest Reinsurance Holdings, Inc. as of December 31, 2014. The note was scheduled to mature on December 31, 2023 but was repaid in December 2018.
- 4) Effective December 31, 2018, Everest Reinsurance Holdings, Inc. entered into a \$300,000 thousand long-term promissory note agreement with Everest Reinsurance (Bermuda) Ltd., an affiliated entity. The note was scheduled to mature on December 31, 2023 but was repaid in May, 2019. This transaction is presented as a Note Payable – Affiliated in the condensed balance sheet of Everest Reinsurance Holdings, Inc. as of December 31, 2018.
- 5) Effective February 19, 2019, Everest Reinsurance Holdings, Inc. entered into a \$10,000 thousand long term promissory note with Everest Indemnity Insurance Company, an affiliated entity. The note will mature on February 19, 2049 and has an interest rate of 4.8% that will be paid annually. This transaction is presented as a Note Receivable – Affiliated in the condensed balance sheet of Everest Reinsurance Holdings as of December 31, 2019.
- 6) In December, 2015, Holdings transferred the 9,719,971 Common Shares of Group, which it held as other invested assets, at fair value, valued at \$1,773,214 thousand, to Preferred Holdings, an affiliated entity and subsidiary of Group, in exchange for 1,773.214 preferred shares of Preferred Holdings with a \$1,000 thousand par value and 1.75% annual dividend rate. After the exchange, Holdings no longer holds any shares or has any ownership interest in Group.

EVEREST REINSURANCE HOLDINGS, INC.
SCHEDULE III - SUPPLEMENTARY INSURANCE INFORMATION

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J
Geographic Area	Deferred Acquisition Costs	Reserve for Losses and Loss Adjustment Expenses	Unearned Premium Reserves	Premiums Earned	Net Investment Income	Incurred Loss and Loss Adjustment Expenses	Amortization of Deferred Acquisition Costs	Other Operating Expenses	Net Written Premium
(Dollars in thousands)									
As of and for the year ended December 31, 2019									
Domestic	\$ 329,904	\$ 7,461,870	\$ 1,830,396	\$ 4,061,992	\$ 318,914	\$ 2,660,535	\$ 946,038	\$ 309,665	\$ 4,262,373
International	58,333	2,747,649	368,536	1,427,043	37,298	1,168,587	324,015	41,236	1,512,576
Total	\$ 388,238	\$ 10,209,519	\$ 2,198,932	\$ 5,489,035	\$ 356,211	\$ 3,829,122	\$ 1,270,053	\$ 350,901	\$ 5,774,949
As of and for the year ended December 31, 2018									
Domestic	\$ 304,513	\$ 7,908,776	\$ 1,575,931	\$ 3,432,598	\$ 279,415	\$ 3,790,089	\$ 786,186	\$ 255,686	\$ 3,605,274
International	49,117	2,258,242	250,937	1,406,460	34,966	1,020,929	355,528	37,661	1,426,588
Total	\$ 353,630	\$ 10,167,018	\$ 1,826,868	\$ 4,839,058	\$ 314,381	\$ 4,811,018	\$ 1,141,714	\$ 293,347	\$ 5,031,862
As of and for the year ended December 31, 2017									
Domestic	\$ 260,706	\$ 7,070,895	\$ 1,352,987	\$ 1,447,273	\$ 253,852	\$ 1,416,998	\$ 108,989	\$ 218,595	\$ 2,108,449
International	47,035	2,272,133	254,635	502,322	32,407	622,753	101,936	36,291	615,395
Total	\$ 307,741	\$ 9,343,028	\$ 1,607,622	\$ 1,949,595	\$ 286,259	\$ 2,039,751	\$ 210,925	\$ 254,886	\$ 2,723,844

(Some amounts may not reconcile due to rounding.)

SCHEDULE IV - REINSURANCE

Column A	Column B	Column C	Column D	Column E	Column F
	Gross	Ceded to	Assumed	Net	Assumed
(Dollars in thousands)	Amount	Other	from Other	Amount	to Net
		Companies	Companies		
December 31, 2019					
Total property and liability					
insurance premiums earned	\$ 2,255,387	\$ 1,193,359	\$ 4,427,006	\$ 5,489,034	80.7%
December 31, 2018					
Total property and liability					
insurance premiums earned	\$ 1,903,576	\$ 1,512,380	\$ 4,447,862	\$ 4,839,058	91.9%
December 31, 2017					
Total property and liability					
insurance premiums earned	\$ 1,655,023	\$ 3,548,264	\$ 3,842,836	\$ 1,949,595	197.1%

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-227297-01) of Everest Reinsurance Holdings, Inc. of our report dated March 27, 2020 relating to the financial statements and financial statement schedules which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, New York
March 27, 2020

CERTIFICATIONS

I, Juan C. Andrade, certify that:

1. I have reviewed this annual report on Form 10-K of Everest Reinsurance Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 27, 2020

/S/ JUAN C. ANDRADE

Juan C. Andrade

Chairman, President and
Chief Executive Officer

CERTIFICATIONS

I, Craig Howie, certify that:

1. I have reviewed this annual report on Form 10-K of Everest Reinsurance Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 27, 2020

/S/ CRAIG HOWIE

Craig Howie

Executive Vice President and
Chief Financial Officer

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the year ended December 31, 2019 of Everest Reinsurance Holdings, Inc., a corporation organized under the laws of Delaware (the "Company"), filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify, pursuant to 18 U.S.C. ss. 1350, as enacted by section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 27, 2020

/S/ JUAN C. ANDRADE

Juan C. Andrade

Chairman, President and
Chief Executive Officer

/S/ CRAIG HOWIE

Craig Howie

Executive Vice President and
Chief Financial Officer
