EVEREST RE GROUP LTD Form 10-Q August 11, 2014

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

#### QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD

Commission file number:

ENDED:

1-15731

June 30, 2014

#### EVEREST RE GROUP, LTD.

(Exact name of registrant as specified in its charter)

Bermuda 98-0365432

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

Wessex House – 2nd Floor 45 Reid Street PO Box HM 845 Hamilton HM DX, Bermuda 441-295-0006

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

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

YES X NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

YES X NO

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

Large X Accelerated accelerated filer filer

Non-accelerated Smaller filer reporting company

(Do not check if smaller reporting company)

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

YES NO X

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

Class Common Shares, \$0.01 par value Number of Shares Outstanding At August 1, 2014 45,471,636

#### EVEREST RE GROUP, LTD

#### Table of Contents Form 10-Q

PART I FINANCIAL INFORMATION Item 1. **Financial Statements** Consolidated Balance Sheets June 30, 2014 (unaudited) 1 and December 31, 2013 Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six months ended June 30, 2014 and 2013 (unaudited) 2 Consolidated Statements of Changes in Shareholders' Equity for the three and six months ended June 30, 2014 and 2013 (unaudited) 3 Consolidated Statements of Cash Flows for the three and six months ended June 30, 2014 and 2013 (unaudited) 4 Notes to Consolidated Interim Financial Statements (unaudited) 5 Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation 30 Item 3. 57 Quantitative and Qualitative Disclosures About Market Risk Item 4. Controls and Procedures 57 PART II OTHER INFORMATION Item 1. **Legal Proceedings** 57 Item 1A. Risk Factors 58 Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 58 Item 3. **Defaults Upon Senior Securities** 58

Page

Item 4.	Mine Safety Disclosures	58
Item 5.	Other Information	58
Item 6.	Exhibits	59

PART I

## ITEM 1. FINANCIAL STATEMENTS

# EVEREST RE GROUP, LTD. CONSOLIDATED BALANCE SHEETS

(Dollars and share amounts in thousands, except par value per share) ASSETS:	20	June 30, 014 (unaudited)	December 31,
Fixed maturities - available for sale, at market value	\$	13,577,366	\$ 12,636,907
(amortized cost: 2014, \$13,173,675; 2013, \$12,391,164)	·	- 7 7	, ,
Fixed maturities - available for sale, at fair value		-	19,388
Equity securities - available for sale, at market value (cost: 2014, \$149,024;			
2013, \$148,342)		151,377	144,081
Equity securities - available for sale, at fair value		1,424,792	1,462,079
Short-term investments		1,636,937	1,214,199
Other invested assets (cost: 2014, \$509,396; 2013, \$508,447)		509,396	508,447
Cash		341,570	611,382
Total investments and cash		17,641,438	16,596,483
Accrued investment income		120,559	119,058
Premiums receivable		1,551,615	1,453,114
Reinsurance receivables		685,643	540,883
Funds held by reinsureds		226,845	228,000
Deferred acquisition costs		368,117	363,721
Prepaid reinsurance premiums		150,206	81,779
Income taxes		141,887	178,334
Other assets		305,334	246,664
TOTAL ASSETS	\$	21,191,644	\$ 19,808,036
LIABILITIES:			
Reserve for losses and loss adjustment expenses	\$	9,704,463	\$ 9,673,240
Future policy benefit reserve		58,368	59,512
Unearned premium reserve		1,677,971	1,579,945
Funds held under reinsurance treaties		3,337	2,692
Commission reserves		54,073	66,160
Other net payable to reinsurers		217,041	116,387
Losses in course of payment		494,640	332,631
4.868% Senior notes due 6/1/2044		400,000	-
5.4% Senior notes due 10/15/2014		249,984	249,958
6.6% Long term notes due 5/1/2067		238,362	238,361
Accrued interest on debt and borrowings		6,133	4,781
Equity index put option liability		33,309	35,423
Unsettled securities payable		88,463	53,867
Other liabilities		266,724	333,425
Total liabilities		13,492,868	12,746,382

NONCONTROLLING INTERESTS:				
Redeemable noncontrolling interests - Mt. Logan Re	375,908	93,378		
Commitments and contingencies (Note 9)				
SHAREHOLDERS' EQUITY:				
Preferred shares, par value: \$0.01; 50,000 shares authorized;				
no shares issued and outstanding	-	-		
Common shares, par value: \$0.01; 200,000 shares authorized; (2014) 68,280				
and (2013) 67,965 outstanding before treasury shares	683	680		
Additional paid-in capital				