EVEREST RE GROUP, LTD.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURE REPORT

For the year-ended
December 31, 2021
EVEREST RE GROUP, LTD.

Everest Re Group, Ltd. (“Everest” or the “Company”) is a leading global provider of reinsurance and insurance, operating for close to 50 years through subsidiaries in the U.S., Europe, Singapore, Canada, Bermuda and other territories. Everest offers property, casualty and specialty products through its various operating affiliates located in key markets around the world. Additional information about Everest, our people and our products can be found on our website at https://www.everestre.com. All issuing companies may not do business in all jurisdictions.

Everest recently published its second Corporate Responsibility Report created in accordance with the Global Reporting Initiative standards and the Task Force on Climate-Related Financial Disclosures, following our inaugural report which was released in March 2020. Further details of our progress in the areas of diversity; gender pay equity; talent development and environmental, social and governance (“ESG”) factors can be found in that report, which is available on the front page of Everest’s corporate website under the “Corporate Responsibility” tab at https://www.everestre.com.

This is also Everest’s second report aligned with the Sustainability Accounting Standards Board (“SASB”) framework for the insurance industry. Unless expressly noted otherwise, all data and information contained in this SASB disclosure report is as of or for the year ended December 31, 2021. 

1 This report contains information about Everest Re Group, Ltd. and its affiliates and may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Everest cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Everest assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

Factors that can cause results to differ, as well as additional factors that can affect forward-looking statements, are discussed in Everest’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, accessible on the SEC’s website at https://www.sec.gov and on Everest’s website at https://www.everestre.com. Further, inclusion of information in this report should not be deemed a characterization of the materiality of that information. For information that is material to Everest, please again see Everest’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

Contact points at Everest for questions concerning this report include: Sanjoy Mukherjee, Executive Vice President, General Counsel and Chief Compliance Officer; and David E. Sigmon, Vice President, Associate General Counsel.
## SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

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DISCUSSION AND EXPLANATIONS OF ACCOUNTING AND ACTIVITY METRICS

TRANSPARENT INFORMATION & FAIR ADVICE FOR CUSTOMERS

FN-IN-270a.1
Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product related information to new and returning customers

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 owed. 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 reviews 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. Everest has not incurred any material or significant monetary losses as a result of legal proceedings associated with marketing and communications of insurance product-related information to new and/or returning customers during this reporting period.²

FN-IN-270a.2
Complaints-to-claims ratio

Everest offers property, casualty and specialty products through its various operating affiliates. The Company’s products include a full range of property and casualty reinsurance and insurance coverages, including marine, aviation, surety, errors and omissions liability, directors’ and officers’ liability, medical malpractice, other specialty lines, accident and health and workers’ compensation.

Everest’s U.S. domestic property and casualty insurers are subject to regulation by their state of domicile and by those states in which they are licensed. Most state insurance departments provide consumer complaint data to the National Association of Insurance Commissioners’ (‘NAIC”) Consumer Insurance Search (“CIS”). The NAIC produces reports combining or aggregating this data.

While neither Everest nor the NAIC publishes complaints-to-claims ratio metrics, the NAIC does publish a “closed complaint index” based upon data from state insurance departments. The NAIC defines “closed complaints” as complaints where the state has upheld the consumer’s position and calculates a “closed complaint index” by comparing a company’s closed complaints to the company’s market share of premiums for the respective line of business.

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The NAIC National Complaint Index is set at 1.00 to allow an individual company “complaint index” to be used to easily compare the company’s consumer complaint performance to other companies in the market. A company with a complaint index greater than 1.00 has a complaint index that is higher than expected in the market, while a company with a complaint index less than

² Everest discloses material legal proceedings in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q in accordance with Securities and Exchange Commission requirements.
1.00 has a complaint index that is lower (better) than expected in the market. Further, only closed, confirmed complaints provided by state insurance departments are used in this report.

For Everest Reinsurance Company, the closed complaint index reported by the NAIC for 2021 was 0.30 (based on 3 complaints). For Everest Denali Insurance Company, the closed complaint index reported by the NAIC for 2021 was 0.24 (based on 1 complaint). For Everest Indemnity Insurance Company, the closed complaint index reported by the NAIC for 2021 was 0 (based on 0 complaints). For Everest National Insurance Company, the closed complaint index reported by the NAIC for 2021 was 0.33 (based on 8 complaints). For Everest Premier Insurance Company, the closed complaint index reported by the NAIC for 2021 was 0 (based on 0 complaints). For Everest Security Insurance Company, the closed complaint index reported by the NAIC for 2021 was 0 (based on 0 complaints). This information may also be obtained through the Consumer page on the NAIC site at: https://www.naic.org/index_consumer.htm.

Other than ordinary course claims disputes that may arise from time to time, Everest’s subsidiaries that write reinsurance business do not generally receive formal complaints from ceding insurance company customers.

**FN-IN-270a.3**

*Consumer retention rate*

Individual business units and segments within Everest generally monitor customer retention rates for purposes such as internal management reporting. Such rates significantly vary depending upon the applicable line of business and geographic location, and some lines of business such as surety are nonrecurring. Customer retention rates may also be significantly impacted depending upon strategic underwriting decisions of the Company or its subsidiaries to increase or decrease exposure to specific risk categories. The Company does not publicly disclose this data on a detailed level.

**FN-IN-270a.4**

*Description of approach to informing customers about products*

The Company writes business on a global basis for many different customers and lines of business, thereby obtaining a broad spread of risk. The Company is not substantially dependent on any single customer, small group of customers, line of business or geographic area. For the 2021 calendar year, no single customer (ceding company or insured) generated more than 3.8% of the Company’s gross written premiums.

Approximately 63%, 5.7% and 30.7% of the Company’s 2021 gross written premiums were written in the broker reinsurance, insurance and direct reinsurance markets, respectively.

The broker reinsurance market consists of several substantial national and international brokers and a number of smaller specialized brokers. Per the terms of the reinsurance contracts, communications between ceding companies and reinsurers are generally directed through these intermediaries including claims communications. Brokers do not have the authority to bind the Company with respect to reinsurance agreements, nor does the Company commit in advance to accept any portion of a broker’s submitted business. Reinsurance business from any ceding company, whether new or renewal, is subject to acceptance by the Company. Further, the direct reinsurance market remains an important distribution channel for reinsurance business written by the Company. Direct placement of reinsurance enables the Company to access clients who prefer to place their reinsurance directly with reinsurers based on the reinsurer’s in-depth understanding of the ceding company’s needs.

The Company’s insurance business mainly writes commercial property and casualty on an admitted and non-admitted basis. The business is written through – and as a result, communications with the ultimate customer are generally through – wholesale and retail brokers, surplus lines brokers and program administrators. Our underwriters and other pertinent employees have regular contact with these intermediaries and representatives to ensure accurate, transparent and clear information is transmitted and to timely respond to any questions. In 2021, two program administrators accounted for approximately 11% of the Company’s
gross written premium each and included multiple independent programs for each program administrator with the largest representing 3% of the overall gross written premium.

The Company continually evaluates each business relationship, including the underwriting expertise and experience brought to bear through the involved distribution channel, performs analyses to evaluate financial security, monitors performance and adjusts underwriting decisions accordingly.

In the event of a claim, the Company is committed to providing customers quick, efficient and transparent claims processing. Reinsurance and insurance claims are managed by the Company’s professional claims staff whose responsibilities include reviewing initial loss reports and coverage issues, monitoring claims handling activities of ceding companies, establishing and adjusting proper case reserves and approving payment of claims. In addition to claims assessment, processing and payment, the claims staff selectively conducts comprehensive claim audits of both specific claims and overall claim procedures at the offices of selected ceding companies. Some insurance claims are handled by third-party claims service providers who have limited authority and are subject to oversight by the Company’s professional claims staff. Additional information concerning our insurance claims and support services may be found on our Company website at https://www.everestre.com/Insurance/Insurance-Claims-and-Support and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, at page 12.

Privacy, Security and Trust

Everest is committed to conducting business in a compliant manner while taking steps to safeguard the personal data we receive, collect, transfer and store in the course of doing business. We maintain appropriate physical, electronic and procedural safeguards to protect customers’ information. Our established policies and procedures have been built to comply with the applicable privacy and data protection laws wherever we do business. Everest’s website details its approach to data privacy and protection for our customers. For further discussion of Everest’s measures to protect customer data and privacy, see https://www.everestre.com/About-Everest/Privacy-Security-and-Trust.

EverReady

We introduced EverReady to prepare our customers for catastrophes. Our Emergency Preparedness Kit provides information on the key components of an emergency kit to protect customers from the impacts of natural disasters. Our EverReady website also provides guidelines, procedures and resources specifically tailored for winter storm, fire and hurricane preparation. For further information, see https://www.everestre.com/Insurance/Insurance-Claims-and-Support/EverReady.

INCORPORATION OF ENVIRONMENTAL, SOCIAL & GOVERNANCE FACTORS IN INVESTMENT MANAGEMENT

FN-IN-410a.1
Total invested assets, by industry and asset class

Everest’s principal investment objectives are to ensure funds are available to meet our insurance and reinsurance obligations and to maximize after-tax investment income while maintaining a high-quality diversified investment portfolio. Considering these objectives, the Company views its investment portfolio as having two components: 1) investments needed to satisfy outstanding liabilities (its core fixed maturities portfolio) and 2) investments funded by the Company’s shareholders’ equity.

As of year-end 2021, we have $29.7 billion in assets under management (“AUM”), an increase of $4.2 billion compared to $25.5 billion on December 31, 2020, a responsibility that we take very seriously. Our Chief Investment Officer and investment management team ensure that we manage our investments wisely and uphold our objectives to meet our regulatory obligations and maintain a responsible and diverse portfolio.
Everest’s investment portfolio includes as of year-end 2021: 75.2% in fixed income; 8.8% in cash & short-term; 6.2% in private equity; 0.5% in hedge funds; and 9.3% in other invested assets.

Our net investment income was $1.165 billion, $642.5 million and $647.1 million for the years ended December 31, 2021, 2020 and 2019, respectively.

A further discussion of our investment portfolio for 2021 may be found in our Annual Report on Form 10-K for the year ended December 31, 2021, on pages 14-15.

FN-IN-410a.2

Description of approach to incorporation of environmental, social and governance factors in investment management processes and strategies

Everest acknowledges that ESG factors can affect investment portfolios. As a result, Everest believes that it is necessary to consider ESG factors when making investment decisions, including:

Environmental factors
- Greenhouse gas emissions
- Fossil fuel dependence
- Climate change

Social factors
- Diversity
- Working conditions
- Human rights

Governance factors
- Transparency
- Director independence
- Shareholder rights

As a demonstration of our commitment to responsible investment, in 2019, Everest became a signatory to the United Nations’ supported Principles for Responsible Investment (“UN-PRI”). The UN-PRI is the world’s leading proponent of responsible investment, with over 4,600 signatories representing approximately $120 trillion (USD) in AUM. 

The UN-PRI defines responsible investment as a strategy and practice to incorporate ESG factors into investment decisions and active ownership. The six principles of the UN-PRI include:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will report on our activities and progress towards implementing the Principles.

In addition to incorporating ESG into our investments, Everest is committed to taking steps to require that our investment managers include ESG issues and factors in their investment strategies. Approximately 85% of our total assets are managed by other UN-PRI signatories, which includes approximately 95% of our fixed-income assets.

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3 https://www.unpri.org/signatories/signatory-resources/quarterly-signatory-update
We review the investment guidelines and actions of our pertinent third-party asset managers to ensure their compliance with the UN-PRI in the context of the portfolios that they manage. For example, our primary fixed income asset manager has had a policy in place since 2019 restricting any further purchase of bonds on behalf of Everest issued by companies that derive more than 25% of their revenue from coal. As of year-end 2021, less than $50 million of our fixed income portfolio was exposed to companies that derive greater than 25% of their revenues from coal-related businesses, while our public equity portfolio had approximately $2 million of coal-related exposure, and our private equity portfolio had less than $100,000 of exposure, which represents a significant decrease in investment exposures to coal over the past few years in all of these areas.

We also work with our asset managers to produce periodic reports for Everest to measure the ESG qualities of our in-force portfolio, including where possible identifying exposure to “ESG leaders” and “ESG laggards” against relevant benchmarks so we can better track our progress in this area. For instance, according to one of our most recent reports from our main fixed income asset manager, our primary fixed income asset management portfolio (which comprises the vast majority of our fixed income assets) includes approximately 39% exposure to ESG leaders, with less than approximately 2% exposure to ESG laggards. In the short term, we plan to further refine and update our responsible investment policies and procedures.

POLICIES DESIGNED TO INCENTIVIZE RESPONSIBLE BEHAVIOR

FN-IN-410b.1
Net premiums written related to energy efficiency and low-carbon technology

Everest does not currently capture or segment premium data for policies related to energy efficiency or low-carbon technology. Rather, premium data is segmented by line of business and by state in accordance with insurance regulatory requirements. For further information on Everest’s lines of business and underwriting operations, please see our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, on pages 5-8, which includes a discussion of “Segment Results,” including “Reinsurance,” and “Insurance.”

In 2021, in addition to seeking ways to further our underwriting support of the low-carbon energy transition as further described below, we undertook an analysis of the Company’s exposures to fossil fuels within our underwriting portfolios, as further described in our April 8, 2022 proxy statement, at page 43 (Climate Risk), available on the “Investors” section of our website.

FN-IN-410b.2
Discussion of products and/or product features that incentivize health, safety and/or environmentally responsible actions and/or behaviors

Everest offers numerous products and services that incentivize health, safety and environmentally responsible actions and behaviors.

For instance, Everest’s Risk Consulting team provides loss prevention solutions across various industries, including technology, construction, manufacturing, energy, service industries, transportation, financial, biomedical, trade schools and higher education. This team of professionals within Everest Insurance has significant experience identifying loss exposures, claim trends and potential loss sources and will discuss findings with customers’ management teams, recommend solutions and monitor them closely to assure effective implementation.

Everest risk consultants provide access to several publications and value-added resources to support customer risk management needs. These publications include important information on model safety and health programs, newsletters and loss control alerts designed to provide accident prevention tips and checklists. The Risk Consulting team also provides additional value-added resources so that policyholders can obtain assistance in a number of risk management areas.

Sample services include:

- Loss prevention, mitigation assessments and solutions across a broad range of covered exposures
Workplace, fleet, premises, job site, product and service evaluations
Safety and risk management audits
Property conservation and wind mitigation reviews
Specialty services such as ergonomic and industrial hygiene
Access to technical knowledge and resources
Publications including newsletters, loss control alerts, hazard and emerging issue alerts, model programs and webcasts

Everest also provides access to selected vendors, at discounted rates, when applicable, to provide policyholders with services that can benefit their businesses.

Health & Safety

- **Azuga Telematics** – Everest offers Azuga Telematics services, a leading provider of commercial auto insurance telematics programs, to our eligible policyholders.

- **Business and Legal Resources** – Qualified policyholders are provided access to [https://safety.blr.com/](https://safety.blr.com/) (BLR), an online safety and health resource to help with compliance, training and program development needs. BLR offers safety solutions delivered in numerous ways and in many cases, bilingual formats, including live webinar events, websites, how-to guides, written plans and policies, white papers, custom newsletters and streaming audio and video presentations.

- **HR Risk Management HELPLINE Services** – Everest offers policyholders access to the HR Risk Management HELPLINE operated by Enquiron. Policyholders enrolled in the Enquiron HELPLINE service may obtain access to employment law attorneys who answer specific human resources and employment law questions facing businesses. They also receive easy-to-use tools and information, including a state-specific employee handbook and policy builder, online sexual harassment prevention training, federal and state-specific news, forms, posters and much more. The Enquiron HELPLINE is included in workers’ compensation coverage purchased through appointed agents or brokers of Everest’s Workers’ Compensation division.

- **Occupational Athletics** – Through its partnership with Everest, Occupational Athletics offers applicable insureds valuable workers’ compensation services, including promoting improved lifestyle behaviors and job safety training.

- **One Source Background Checks** – Everest policyholders may obtain an employment and volunteer screening tool at a substantially discounted price. One Source provides an extensive array of proprietary background check and employment screening services — all offering high accuracy, expediency and cost-efficiency. One Source serves all market sectors from non-profits to financial, healthcare, transportation, service and commercial industries.

- **Orion Fleet Intelligence** – Orion Fleet Intelligence is providing significant savings to Everest policyholders through their telematics program, a service that helps reduce operating costs, improve safety and increase productivity. Through tailored data analytics and driving coaching, Orion helps to achieve material safety improvements and actual cost savings.

- **Safety First Services** – Everest offers the services of SafetyFirst, a leading provider of driver observation, fleet telematics and other robust fleet safety services, to policyholders at a highly discounted rate. SafetyFirst is used by thousands of companies to support their driver safety initiatives.

- **Safety Video Lending Library** – Everest subscribes to the National Resource Safety Center, the nation’s largest safety video and DVD lending library. Their library includes thousands of videos covering virtually all popular safety topics from over 90 well-known producers. Everest policyholders can stream safety training videos at no cost.

- **Thorn Valley** – Everest works with Thorn Valley to offer policyholders their suite of safety services including on-site surveys, telematics, safety training, claims analysis and an online safety portal.

- **ZERO®** – Everest offers a collaborative risk management system product to eliminate workplace injuries. ZERO® is a mobile platform, which puts communication, collaboration, and a safety database tool in the pocket of every company employee. ZERO® helps businesses who want to improve their safety culture. ZERO® engages all workers to be active participants allowing them to take responsibility for their own safety. It supports rapid communication of hazards and unsafe behaviors, encourages fast, collaborative problem solving and retains these best practice solutions for future reference - all before an accident occurs.
Environmental Responsibility

As an insurer, we are in a strong position to enable new processes and technologies that will accelerate the transition to a low-carbon economy. Everest is committed to helping lead the transition to a clean energy future. Everest also acknowledges that the insurance industry must take a responsible approach and prevent a disorderly transition from dependence on carbon-intensive industries to green business opportunities. Doing so will prevent harmful economic and social consequences, particularly in those parts of the world less able to reduce their reliance on fossil fuel power generation.

Our risk portfolios are expanding to provide broad insurance and reinsurance protection for renewable energy programs and environmentally sound private and public construction projects, which will influence changes in behavior to improve the environment and mitigate the human impact on climate change. Everest has provided significant support to the renewable energy industry in the U.S. and abroad through our insurance coverage portfolio and has seen a growing demand in this area in recent years. These actions and initiatives include:

- Credit risk insurance for wind energy projects in the North Sea and Taiwan, hydropower projects in South America and solar energy projects across the globe, with a specific focus on emerging economies. This enables financers to provide additional credit for renewable energy development.
- Providing capacity to Vineyard Wind in connection with a significant offshore wind project on the outer continental shelf south of Massachusetts that will be the first utility-scale offshore wind energy project in the U.S., as well as providing capacity to SOLV Energy, a leading solar services provider serving the utility, high voltage and energy storage markets in North America, which has helped build over 8 GW of solar energy projects since 2008.
- Reinsurance support for the New Energy Risk program, which provides insurance coverage for companies developing breakthrough technologies, including fuel cells, energy storage, carbon capture, renewable fuels and waste-to-energy solutions. This coverage helps project developers access capital to accelerate the deployment of these technologies to address global challenges.
- Reinsurance support for the Clean Energy Risk Solutions program, which provides performance warranties for renewable energy projects and enables debt financing. This protects the development and global distribution of clean energy technology that delivers value to the renewable energy markets, including solar, waste-to-energy and energy storage.
- Partnership with Associated Electric & Gas Insurance Services, a mutual insurance company, to offer an array of property and casualty products designed for the clean energy industry, including solar energy, battery storage facilities and wind assets.
- Partnership with one of the largest underwriters of renewable energy projects in North America to provide property coverages for wind and solar energy facilities.
- Expanded tax liability insurance coverage to protect against the loss of investment or production tax credits for renewable energy projects, which can mean the difference between a project receiving sufficient investment and commencing start-up, or not. We expect further opportunities in this area as governments encourage the growth of the renewable energy sector.

Through this support for renewable energy development, Everest is adapting its business to confront the challenges posed by climate change. We intend to help advance the transition to a low-carbon economy while protecting communities against the harms that could be caused by a haphazard transition. Everest will continue to work with its partners and stakeholders to seize opportunities to invest in this transition and address the threats posed by climate change.

Everest has also been at the forefront of developing advanced insurance solutions and products related to environmental risks for our clients. Everest offers various types of pollution and remediation liability insurance products for industrial and commercial manufacturers, environmental consultants and engineers and recycling and waste management site owners and operators.
Finally, we also seek to influence change in behavior to improve the environment and mitigate the human impact on climate change. We have reduced our capacity and exposure to regions more susceptible to increased severity of climate change, thereby, proactively helping to curb the expansion of human activity into environmentally sensitive locations. We also work with our insureds to analyze the impact of climate risk on their operations and property in conjunction with underwriting, engineering and loss mitigation services we provide. We have the capability to provide insurance premium credits to policyholders that demonstrate sound environmental practices and adopt loss mitigating measures to protect their facilities and operations as an economic incentive to reduce their exposure to risk of loss associated with climate change.

ENVIRONMENTAL RISK EXPOSURE

**FN-IN-450a.1 Probable Maximum Loss of insured products from weather-related natural catastrophes**

Like other insurance and reinsurance companies, the Company is exposed to multiple insured losses arising from a single occurrence, whether a natural event, such as a hurricane or an earthquake, or other catastrophes such as an explosion at a major factory. A large catastrophic event can generate insured losses to multiple reinsurance treaties, facultative certificates and direct insurance policies across various lines of business.

The Company focuses on potential losses that could result from any single event or series of events as part of its evaluation and monitoring of its aggregate exposures to catastrophic events. Accordingly, the Company employs various techniques to estimate the amount of loss it could sustain from any single catastrophic event or series of events in various geographic areas. These techniques range from deterministic approaches, such as tracking aggregate limits exposed in catastrophe-prone zones and applying reasonable damage factors, to modeled approaches that attempt to scientifically measure catastrophe loss exposure using sophisticated Monte Carlo simulation techniques that forecast frequency and severity of potential losses on a probabilistic basis.

We calibrate our modeled probable maximum loss ("PML") holistically, using traditional actuarial, statistical, and climate analysis, along with our clients’ loss experience, industry loss experience and meteorological research. No single computer model, or group of models, is currently capable of projecting the amount and probability of loss in all global geographic regions in which the Company conducts business. In addition, the form, quality and granularity of underwriting exposure data furnished by (re)insureds is not uniformly compatible with the data requirements for the Company’s licensed models, which adds to the inherent imprecision in the potential loss projections.

Further, the results from multiple models and analytical methods must be combined to estimate potential losses by and across business units. Also, while most models incorporate claims information from recent catastrophic events, catastrophe model projections are still inherently imprecise. Uncertainties with respect to future climatic patterns and cycles could also add further uncertainty to loss projections from models based on historical data. Nevertheless, when combined with traditional risk management techniques and sound underwriting judgment, catastrophe models are a useful tool for underwriters to price catastrophe exposed risks and provide management with quantitative analyses with which to monitor and manage catastrophic risk exposures by zone and across zones for individual and multiple events.

Projected catastrophe losses are generally summarized in terms of the PML. The Company defines PML as its anticipated loss, considering contract terms and limits, caused by a single catastrophe affecting a broad contiguous geographic area, such as that caused by a hurricane or earthquake. The PML will vary depending upon the modeled simulated losses and the make-up of the in-force book of business. The projected severity levels are described in terms of “return periods,” such as “100-year events” and “250-year events.” For example, a 100-year PML is the estimated loss to the current in-force portfolio from a single event which has a 1% probability of being exceeded in a twelve-month period. In other words, it corresponds to a 99% probability that the loss from a single event will fall below the indicated PML. It is important to note that PMLs are estimates. Modeled events are
hypothetical events produced by a stochastic model. As a result, there can be no assurance that any actual event will align with the modeled event or that actual losses from events similar to the modeled events will not vary materially from the modeled event PML.

From an enterprise risk management perspective, management sets limits on the levels of catastrophe loss exposure the Company may underwrite. The limits are revised periodically based on a variety of factors including, but not limited to, the Company’s financial resources and expected earnings and risk/reward analyses of the business being underwritten.

The Company’s catastrophe loss projections, segmented by risk zones, are updated quarterly and reviewed as part of a formal risk management review process. The table below reflects the Company’s PML exposure, net of third-party reinsurance at various return periods for its top three zones/perils (as ranked by the largest 1 in 100-year economic loss) based on loss projection data as of January 1, 2022.

(Dollars in millions)

<table>
<thead>
<tr>
<th>Return Periods (in years)</th>
<th>1 in 20</th>
<th>1 in 50</th>
<th>1 in 100</th>
<th>1 in 250</th>
<th>1 in 500</th>
<th>1 in 1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceeding Probability</td>
<td>5.0%</td>
<td>2.0%</td>
<td>1.0%</td>
<td>0.4%</td>
<td>0.2%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Zone/Peril</th>
<th>California, Earthquake</th>
<th>$155</th>
<th>$521</th>
<th>$701</th>
<th>$848</th>
<th>$1,045</th>
<th>$2,189</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Southeast U.S., Wind</td>
<td>411</td>
<td>534</td>
<td>649</td>
<td>815</td>
<td>1,027</td>
<td>1,412</td>
</tr>
<tr>
<td></td>
<td>Texas Wind</td>
<td>152</td>
<td>345</td>
<td>483</td>
<td>612</td>
<td>706</td>
<td>860</td>
</tr>
</tbody>
</table>

The projected net economic losses, defined as PML exposures, net of third-party reinsurance, reinstatement premiums and estimated income taxes, for the top three zones/perils scheduled above are as follows:

(Dollars in millions)

<table>
<thead>
<tr>
<th>Return Periods (in years)</th>
<th>1 in 20</th>
<th>1 in 50</th>
<th>1 in 100</th>
<th>1 in 250</th>
<th>1 in 500</th>
<th>1 in 1,000</th>
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</thead>
<tbody>
<tr>
<td>Exceeding Probability</td>
<td>5.0%</td>
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<td>1.0%</td>
<td>0.4%</td>
<td>0.2%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Zone/Peril</th>
<th>California, Earthquake</th>
<th>$120</th>
<th>$357</th>
<th>$483</th>
<th>$595</th>
<th>$754</th>
<th>$1,586</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Southeast U.S., Wind</td>
<td>260</td>
<td>350</td>
<td>413</td>
<td>558</td>
<td>673</td>
<td>963</td>
</tr>
<tr>
<td></td>
<td>Texas Wind</td>
<td>114</td>
<td>243</td>
<td>332</td>
<td>422</td>
<td>469</td>
<td>586</td>
</tr>
</tbody>
</table>
A chart displaying Everest’s risk profile transformation and reduced exposure to natural catastrophe events in recent years is displayed below:

*For 2017 and 2021, calculated as the 1:100 PML net economic loss as of January 1, divided by Everest’s shareholders’ equity of the preceding December 31. For 2022, PML is a projected at 12/31/2022.

For more information regarding Everest’s PML and exposure to catastrophe losses, please see our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, beginning at page 8 (“Risk Management of Underwriting and Reinsurance Arrangements”) and also beginning at page 63 (“Exposure to Catastrophes”).

**FN-IN-450a.2**

Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)

We are exposed to unpredictable catastrophic events, including weather-related and other natural catastrophes, as well as acts of terrorism. The frequency and/or severity of catastrophic events may be impacted in the future by the continued effects of climate change. 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:

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Pre-tax catastrophe losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$1,135.0</td>
</tr>
<tr>
<td>2020</td>
<td>$425.0</td>
</tr>
<tr>
<td>2019</td>
<td>$575.5</td>
</tr>
<tr>
<td>2018</td>
<td>$1,800.2</td>
</tr>
<tr>
<td>2017</td>
<td>$1,472.6</td>
</tr>
</tbody>
</table>

*Everest does not separately identify losses by modeled and non-modeled catastrophes.*
We discuss our consolidated results, including catastrophe losses, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level and capital adequacy

We strive to incorporate environmental risks, to the extent that they can be quantified, into our risk management profile. Our Enterprise Risk Management ("ERM") program identifies key risks to which our Company is exposed and establishes tolerance levels and mitigation strategies to preserve the sustainability of our business. Environmental risks—especially those directly stemming from the global effects of climate change—feature prominently in this ERM system.

As stewards of capital, we look to improve capital efficiency and preservation in spreading risk exposure through diversification and identifying areas prone to increased frequency and severity of natural perils. We endeavor to reduce volatility across our global portfolio by using parametric risk transfer products such as catastrophe bonds, third-party capital through our ILS platform, Mt. Logan Re, Ltd. and other hedging tools. In particular, the Mt. Logan Re facility and the Everest-sponsored Kilimanjaro catastrophe bonds allows us to effectively cede off risk to third parties with very limited credit risk because full value collateral is established on our behalf.

Climate impacts on insured loss are an inherent component in our modeling, pricing and accumulation processes. Our view of (re)insurance risk considers many sources of trended loss including long-term climate variability as well as recent differences from long-term averages. In some cases, these recent differences are attributable to climate change. As it is difficult to isolate climate change both from natural variability in climate and loss trends overall, Everest adjusts its view of risk holistically with reported loss experience, meteorological research, traditional actuarial analysis, statistical analysis and cat modeling.

No single or group of models is capable of projecting all possible catastrophe events caused by climate change. However, when combined with skilled underwriting judgement, these models are a useful tool to price catastrophe-exposed environmental risks and provide management with quantitative analyses of these effects. This system allows us to assess and project the role of environmental risk and extreme weather-related losses on our business model in order to ensure that we – and more importantly, our clients and customers – are prepared for the heightened impact of climate change.

In analyzing climate and environmental-related risks, Everest draws upon an array of external data sources such as research from the Intergovernmental Panel on Climate Change (IPPC), governmental agencies such as the National Oceanic and Atmospheric Administration (NOAA) and academic research. Everest also conducts independent research related to climate change risks using raw climate and weather data. Ultimately, such sources of climate and weather information are reviewed independently by Everest in conjunction with claims information received directly from Everest’s (re)insurance clients and industry trade groups. The following chart helps summarize how Everest analyzes climate and environmental-related risks:
Everest focuses on climate change risks that have been generally accepted by the scientific community, as seen in reports from entities such as IPCC, NOAA and meteorological research organizations. Like these reports, our loss analysis shows that we are experiencing climate change impacts, such as extreme heat/cold and flood/drought. Additionally, given our exposure to North Atlantic Hurricanes as an important driver of climate loss potential, we also consider this a concentration area, despite the difficulty of showing a definitive climate trend in losses or hazards. We price and accumulate using a third-party vendor-based climate conditioned event catalog calibrated to the frequency and severity that has been experienced in prior years when the North Atlantic has been warmer than long-term averages – a condition that the scientific community sees now and predicts to persist. Accounting for warm sea surface temperatures leads to a 12% overall increase in our North Atlantic Hurricane model expected loss.

Our risk management strategies further seek to minimize the impact of severe climate and weather events on our capital by, among other things, maintaining a diversified business portfolio—spread by line and geography—and by employing a tactical approach to managing risk, including utilization of third-party capital to leverage opportunity and sponsorship of catastrophe bonds. Indeed, Everest has consistently been cited in recent years as one of the world’s largest sponsors in the catastrophe bond market measured by total outstanding limit. Catastrophe bonds comprise just one facet of a suite of important hedging
protections against climate change induced volatility successfully employed by Everest to protect our capital and surplus while also increasing our sustainability through such risk mitigation measures.⁵

In order to timely respond to changing circumstances that may impact areas of Everest’s business and continually ensure that the Company’s senior executive management and Board are up to date, our environmental risk monitoring structure promotes identification and reporting of climate risks throughout the year. Our Company is also active in various affiliations and memberships which help contribute to the advancement of our environmental policy. We also encourage our clients to take into consideration the impacts of climate risk in their operations and property, and we are constantly striving to provide them with systems and loss control tools to help mitigate the effects of environmental risk.

Finally, Everest maintains ratings from AM Best, Standard & Poor’s and Moody’s, providing an additional layer of external assessment of Everest’s management of firm-level risks and capital adequacy. For a listing of Everest’s most recent ratings, please visit the “Investors” section of Everest’s website at: https://www.everestre.com/.

SYSTEMIC RISK MANAGEMENT

*FN-IN-550a.1*

*Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse and (3) total potential exposure to centrally cleared derivatives*

As noted above, the Company’s principal investment objectives are to ensure funds are available to meet its insurance and reinsurance obligations and to maximize after-tax investment income while maintaining a high-quality diversified investment portfolio. Considering these objectives, the Company views its investment portfolio as having two components: 1) investments needed to satisfy outstanding liabilities (its core fixed maturities portfolio) and 2) investments funded by the Company’s shareholders’ equity.

The Company’s net investment income was $1.2 billion in 2021 compared with investment income of $642.5 million in 2020. The increase was primarily the result of a significant increase in limited partnership income and higher income from other alternative investments. The limited partnership income primarily reflects increases in their reported net asset values. As such, until these asset values are monetized and the resultant income is distributed, they are subject to future increases or decreases in the asset value, and the results may be volatile.

The Company does not generally enter into derivative financial instruments or derivative commodity instruments. As of December 31, 2021, the Company did not have any material holdings of derivative investments (other than an equity index put option contract as discussed in the Company’s 2021 Annual Report on Form 10-K). As of December 31, 2021, the Company also did not have any direct investments in commercial real estate, direct commercial mortgages or securities of issuers that are experiencing cash flow difficulty to an extent that the Company’s management believes could threaten the issuer’s ability to meet debt service payments, except where an allowance for credit losses has been recognized. For further discussion of Everest’s investments for the 2021 year, please see our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

⁵ As noted above, other notable hedging mechanisms employed by Everest include the utilization of third-party capital backed collateralized reinsurance through Everest’s subsidiary Mt. Logan Re, Ltd., purchase of industry loss warranties (ILW) and retrocession protection.
FN-IN-550a.2
Total fair value of securities lending collateral assets

As of December 31, 2021, we did not have securities lending collateral assets.

FN-IN-550a.3
Description of approach to managing capital and liquidity related risks associated with systemic non-insurance activities

We believe that a thorough risk management system is crucial to our success as an insurance and reinsurance company. The Company’s ERM framework is a company-wide systemic approach to managing and analyzing all of the Company’s key risks and opportunities. ERM improves an organization’s strategic decision-making by producing high-level, quality information that will alert the organization to both risks and opportunities. The ERM framework consists of four components: 1) risk appetite, 2) pricing of risk, 3) optimizing risk and 4) accumulations, risk limits and controls. The Board-approved risk appetite provides the high-level boundaries within which we have decision-making flexibility. State of the art pricing tools permit accurate assessments of both expected profit and risk. Lastly, by having documented risk limits and by monitoring a variety of accumulations of exposures we ensure that we will remain within our Risk Appetite.

Overseen by our Chief Risk Officer and the board-level Audit Committee, the ERM team is staffed and supported by seasoned and accredited actuarial, accounting and management staff. Quarterly, the Audit Committee reviews the status and plans of the ERM department. In addition, they review the risk appetite and risk position for our four key risks: assets, property catastrophe, casualty reserves and mortgage to ensure that Everest remains within the Board-approved appetites.

It is crucial to measure all risks in the same consistent manner so they can be compared, prioritized and used in risk-return deliberations. Accordingly, we maintain a risk register including, but not limited to, asset/market risk, insurance risk, mortgage risk, operational risk, credit risk, liquidity risk, strategic risk and fungibility risk. These risks, which are reviewed and updated annually, are identified through internal assessments and industry risk assessments. Risks are rated in terms of severity and frequency, and mitigating risk controls are identified. Risk registers are maintained for all the Everest underwriting entities and most of the branches.

As a recent addition to our ERM framework, the Executive Risk and Underwriting Committee (“ERUC”) oversees additional aspects of risk management, including establishing our risk management principles, policies and risk appetite levels in collaboration with the Board. Quarterly, as required under this committee’s charter, the Chief Risk Officer prepares a report to the ERUC which includes: our risk position(s) compared to risk appetites, scenario testing, assessments of financial strength and an overview of ERM’s various other activities. The ERUC is comprised of the Company’s CEO, Chief Financial Officer, Chief Operating Officer and Head of the Reinsurance Division, President & CEO of the Insurance Division, the Chief Risk Officer and the General Counsel, among other key officers of the Company.

Further, our Emerging Risk Committee identifies, analyzes, evaluates and monitors emerging risks and possible new opportunities that may impact the Company. The Emerging Risk Committee identifies new and developing risks that could generate opportunities or material adverse consequences and then translates those insights into actionable strategic recommendations to senior management.
ACTIVITY METRIC

FN-IN-000.A

Number of policies in force, by segment

Everest does not publicly disclose this data.