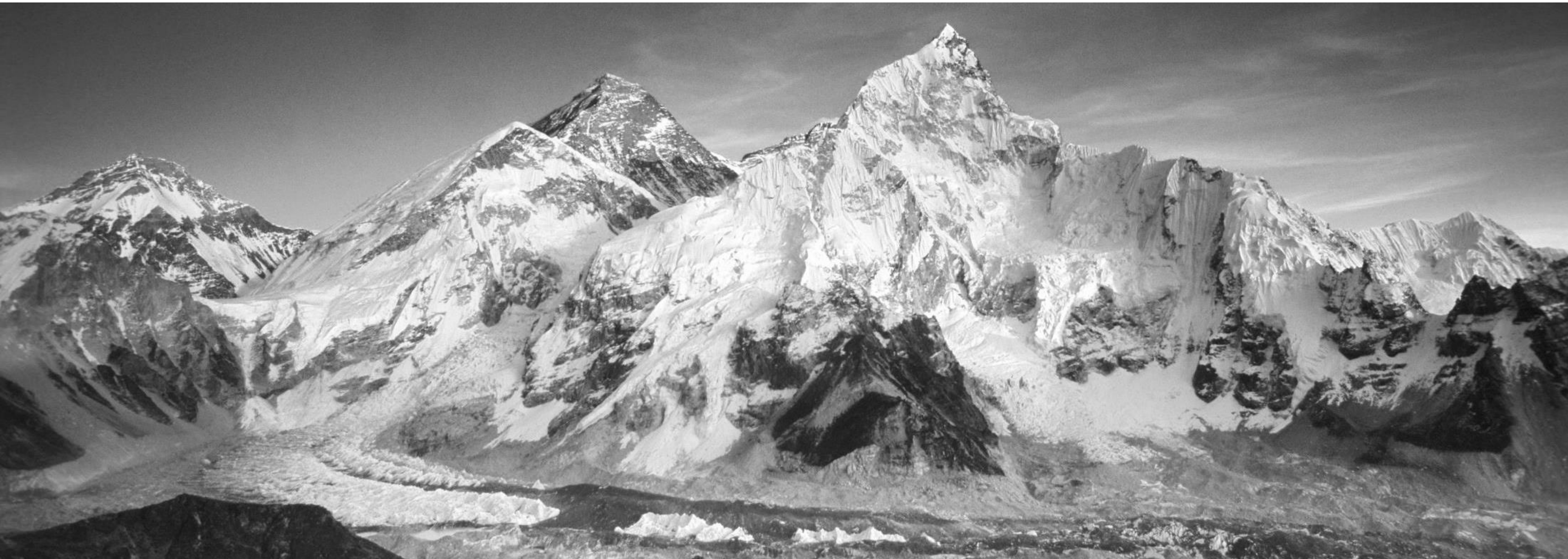
EVEREST

LLOYD'S

AON

Relevance of Lloyd's and the London market

Wellington & Hamilton, February & March 2018



Everest Re Group, Ltd

Agenda:

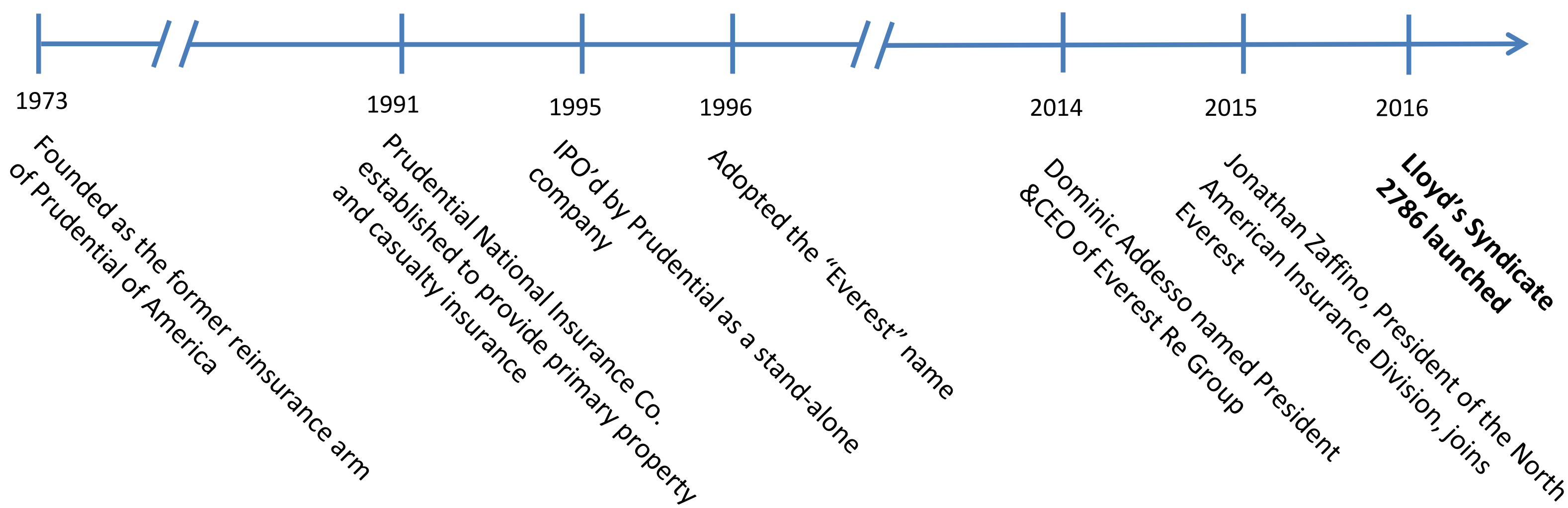
- Introduction to Everest
- Lloyd's of London
- New Zealand Insurance Market
- State of the London market- claims triangulations
- First time to London?

Everest Re Group, Ltd

History

A leading international (re)insurance company with broad underwriting expertise, global presence, strong financial ratings, and substantial capital. (NYSE: RE)

Timeline of Key Events



Everest Re Group, Ltd.

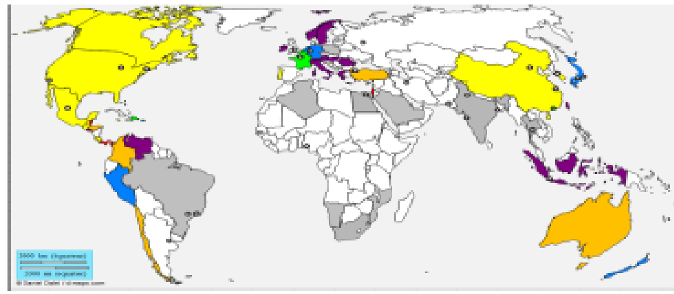
Fast Facts

Global platform provides geographic reach across virtually all property and casualty lines of business

Diversified portfolio of over $7B in premium

45 years experience

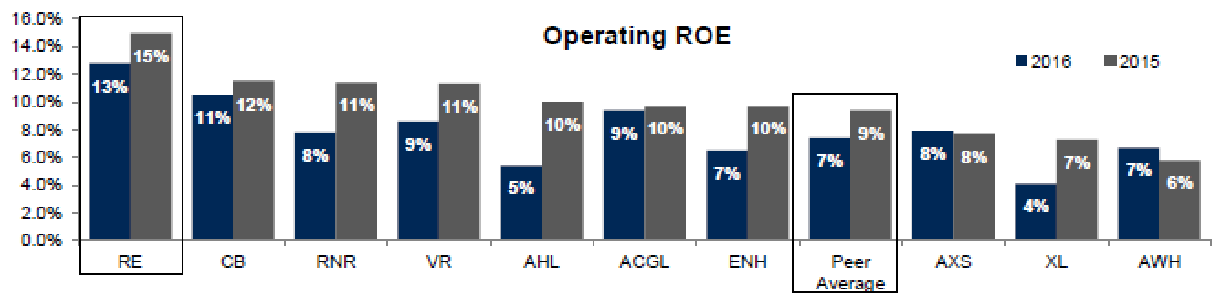
Market leading returns



Map Color Key	
Color	Mkt Share %
	0.1% - 1.0%
	1.0% - 1.5%
	1.5% - 2.0%
	2.0% - 5.0%
	5.0% - 6.0%
	>6.0%

Rank	Reinsurer	1989 Prem ($M)	% of RAA Industry
1	General Re Group	$1,797	17%
2	Employers Re. Corp.	$1,114	10%
3	American Re	$871	8%
4	Swiss Re America	$630	6%
5	Munich Re Group	$571	5%
6	Prudential Re (Everest)	$503	5%

Rank	Reinsurer	2016 Prem ($M)	% of RAA Industry
1	National Indemnity Co.	$19,866	29%
3	QBE North America	$7,893	11%
2	Munich Re America	$5,279	8%
4	Everest Reinsurance Co.	$5,101	8%
5	XL Reinsurance America Inc	$4,671	7%
6	Swiss Reinsurance America	$4,494	6%

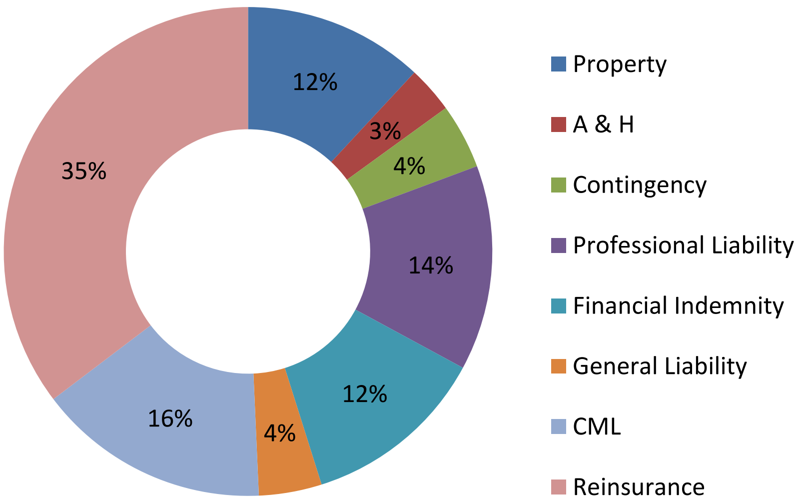


In today's highly competitive reinsurance environment, Everest Re's top tier industry size, client and broker historical relationships, existing profitable participation on client programs and access to new business

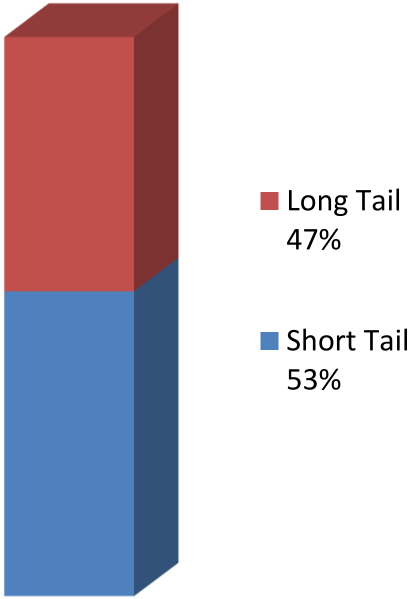
-- Simply can not be replicated

Syndicate 2786

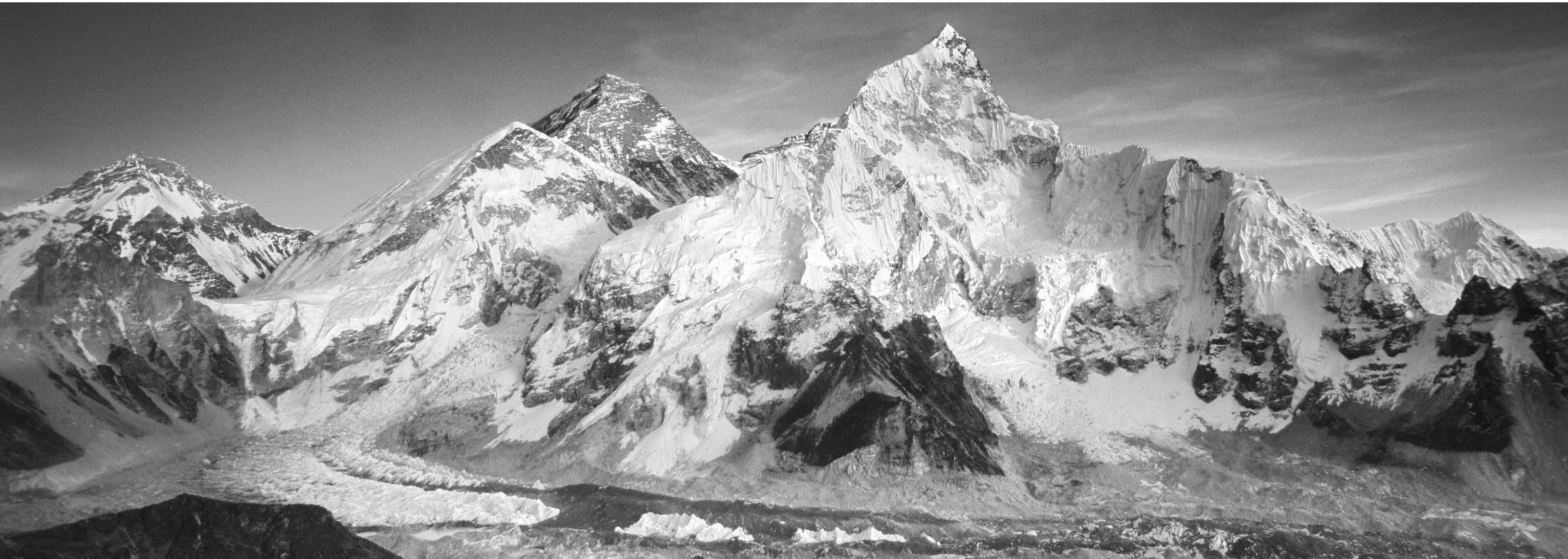
2016 Gross Written premium by line of Business



2016 Gross Written Premium
Balance of short and long tail



Lloyd's of London



The Lloyd's Market – 51 Managing Agents, 80 Syndicate's, 3950 Coverholders, 221 Brokers in 200 Countries for 327 years

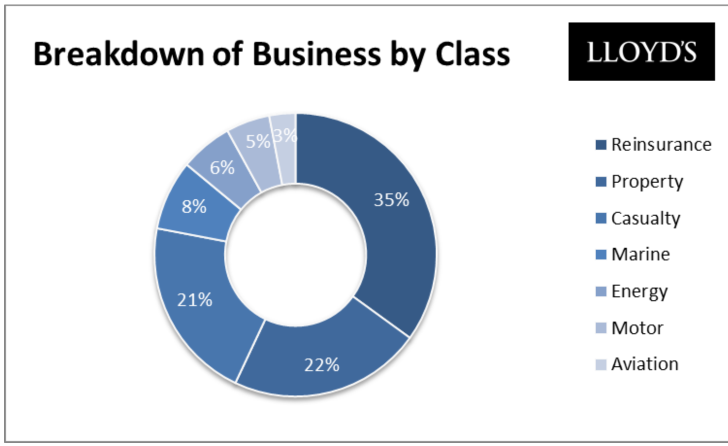
A marketplace of independent businesses

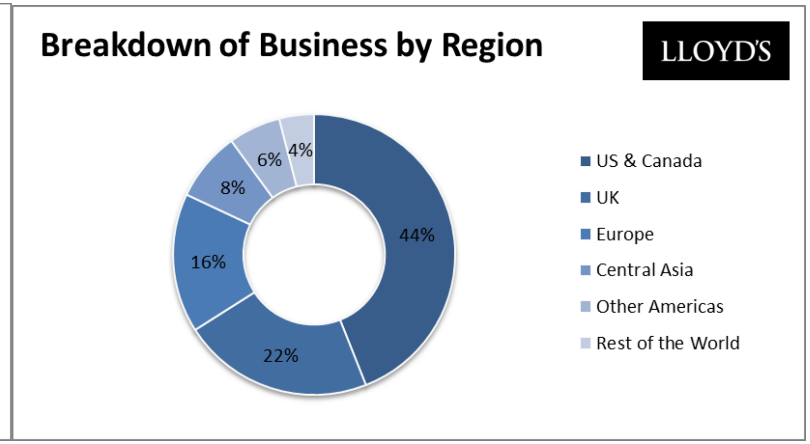
Combined experience and expertise deliver risk transfer solutions globally

Lloyd's Fast Facts

Why Use Us?

- The breakdown of business class within Lloyd's makes for interesting reading.
- Apart from Reinsurance, the next largest segment is Property





Definitions:- Not very helpful !

Syndicate -

A member, or group of members, underwriting insurance business at Lloyd's through the agency of a managing agent.

Managing Agent-

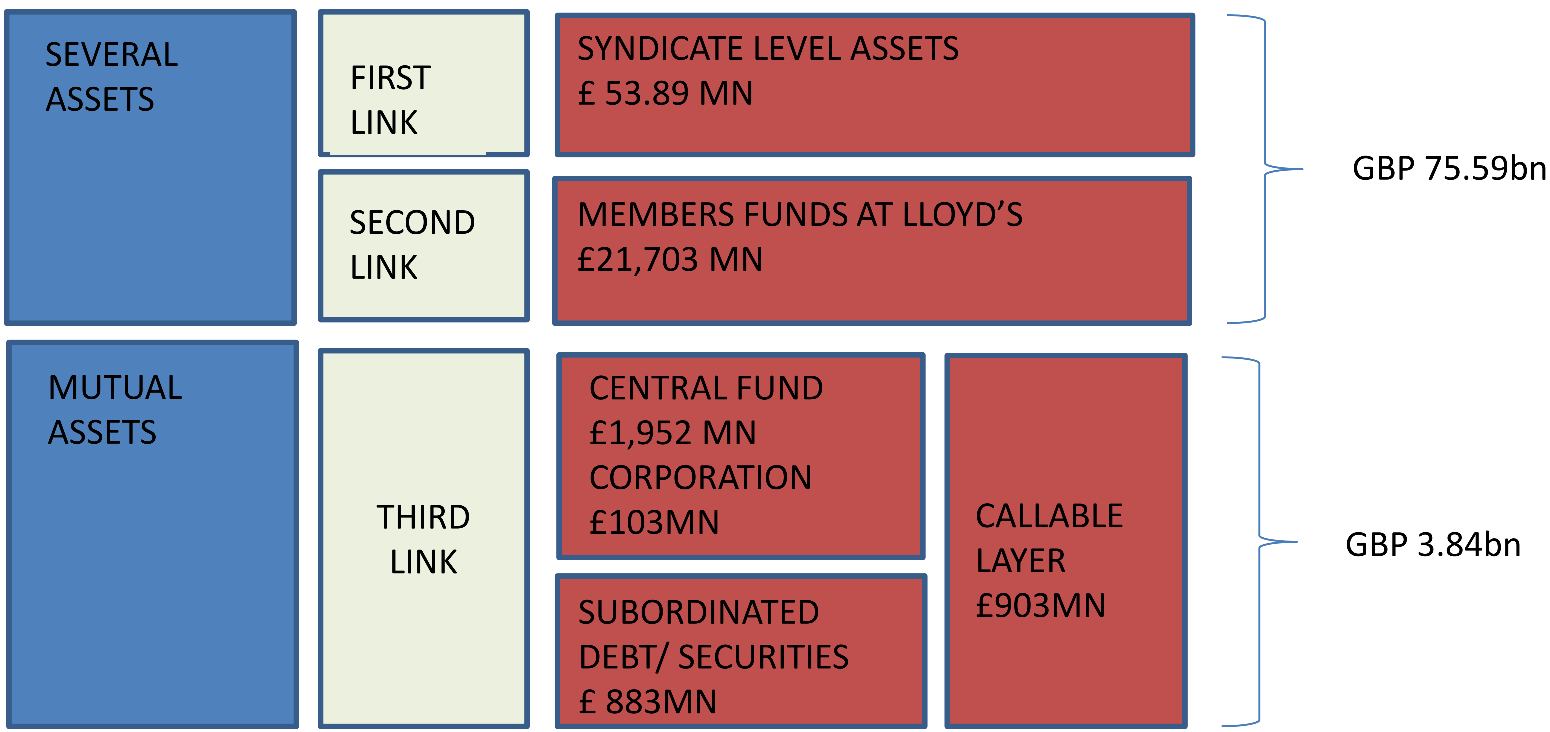
An underwriting agent responsible for managing a syndicate, or multiple syndicates

Definitions – Lets Try Again

- Syndicate – The entity & people that write insurance / reinsurance business
- Managing Agency – The entity that oversees and supervises the Syndicate and deals with the management of the business
- Syndicate + Managing Agency = Insurance Company BUT
- Syndicate is an annual venture – Lasts one
- 3 Year Accounting – The results for each year are reported only 24months after the calendar year of the annual venture

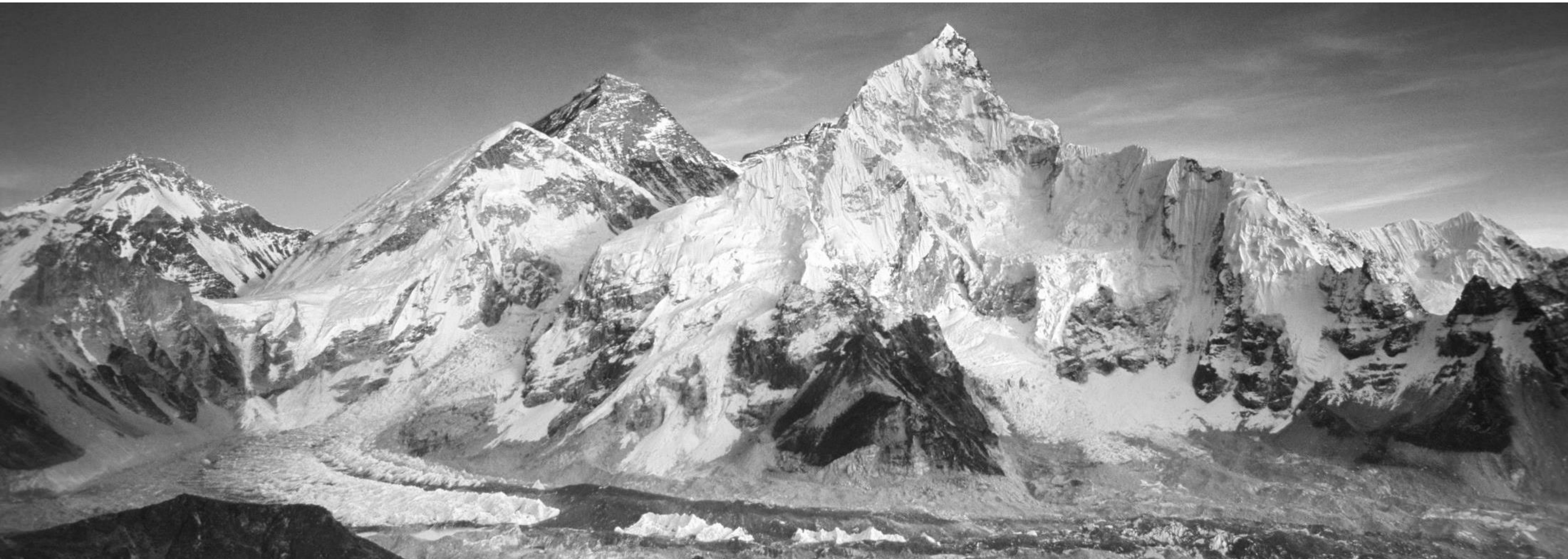
Unrivalled chain of security at Lloyd's

Total Reserves



The funds in the first and second links are held in trust, primarily for the benefit of policyholders whose contracts are underwritten by the relevant member. Members underwriter for their own account and are not liable for other members' losses. The third link contains mutual assets held by the Corporation, which are available, subject to Council approval, to meet any member's insurance liabilities

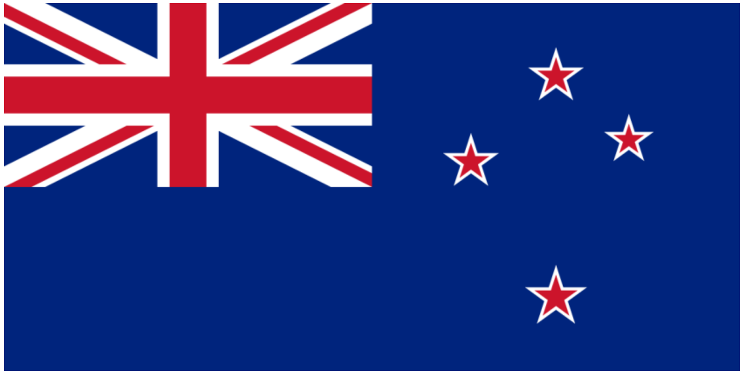
New Zealand Insurance Market



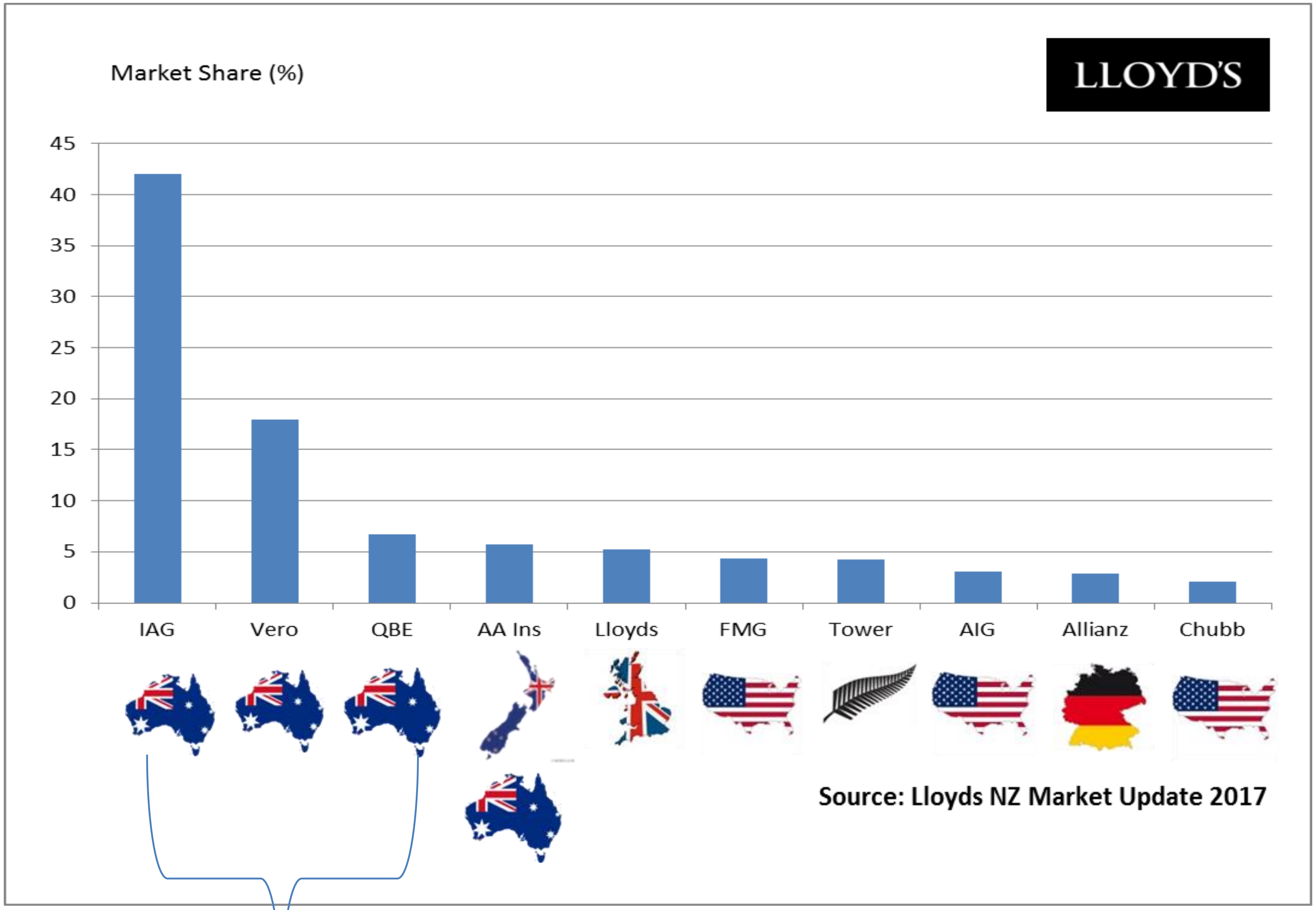
New Zealand Insurance Market

Why is it attractive to London?

- Common language
- Deemed Western levels of Risk Management
- Generally benign industries
- Trusted Law and Jurisdiction and Regulatory oversight from the Reserve Bank of New Zealand
- Established, experienced and trustworthy Loss Adjusters
- The New Zealand market is cognisant of the fact that it has an appreciable Natural Catastrophe exposure, so knows how to respond
- It has the least corrupt public sector in the World, per Transparency International's 2016 Corruption Perception Index
- However it does come with some perceived volatility…



Who’s driving the bus?



72% of the capacity provided to the NZ Market is from Australian domiciled providers

Volatility in the New Zealand Market

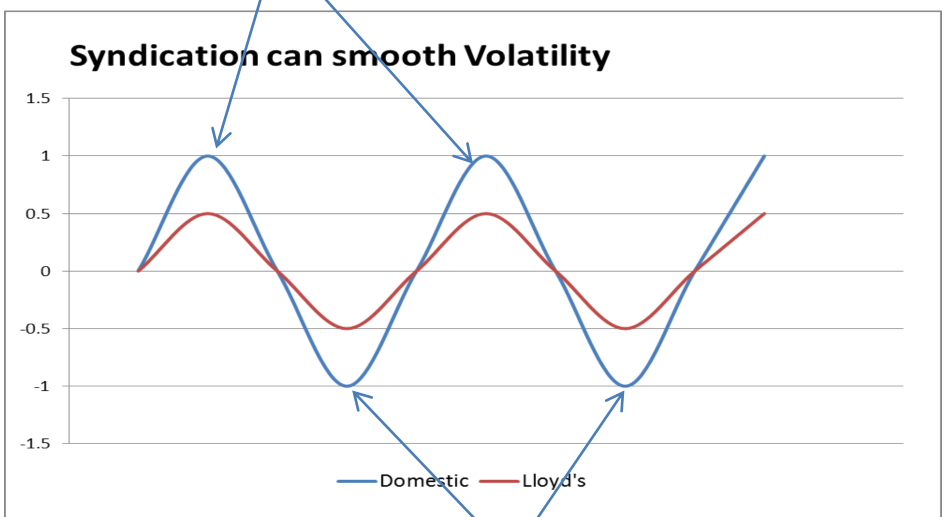
- Notwithstanding the previous positives, there is embedded volatility in a country such as New Zealand
- 2017 was the most expensive year on year record for weather related losses, totalling NZD 242mn. The most expensive remnant was the tail of Debbie leading to NZD 91.5mn of claims
- 2017 also brought significant flooding events to New Zealand, leading to 11,455 claims and pay outs of NZD 94.6mn
- Earthquake loss ratios per ICNZ publication, all NZD:

Year-end	2012	2013	2014	2015	2016
Gross Written Premium	548,513,318	608,686,700	642,638,358	560,528,347	513,288,251
Net Written Premium	249,950,471	221,723,316	263,734,316	226,368,484	-81,596,028
Net Earned Premium	170,848,763	198,612,059	268,276,192	261,986,321	-73,258,527
Claims Incurred	344,794,781	228,581,132	291,746,108	457,937,219	-204,420,440
Loss Ratio %	201.81%	115.09%	108.75%	174.79%	279.04%

- Regardless of the Earthquake loss ratios below, the COR is currently running at over 100%!

Volatility and Lloyds

Syndication will tend to lead to the removal of the most expensive markets in a hard market



Capital redeployed to other Territories/ Countries/ Line of business

Lloyd's and the London market will follow the market and provide a level of consistency of availability of capacity across the market cycle. But only up to a point

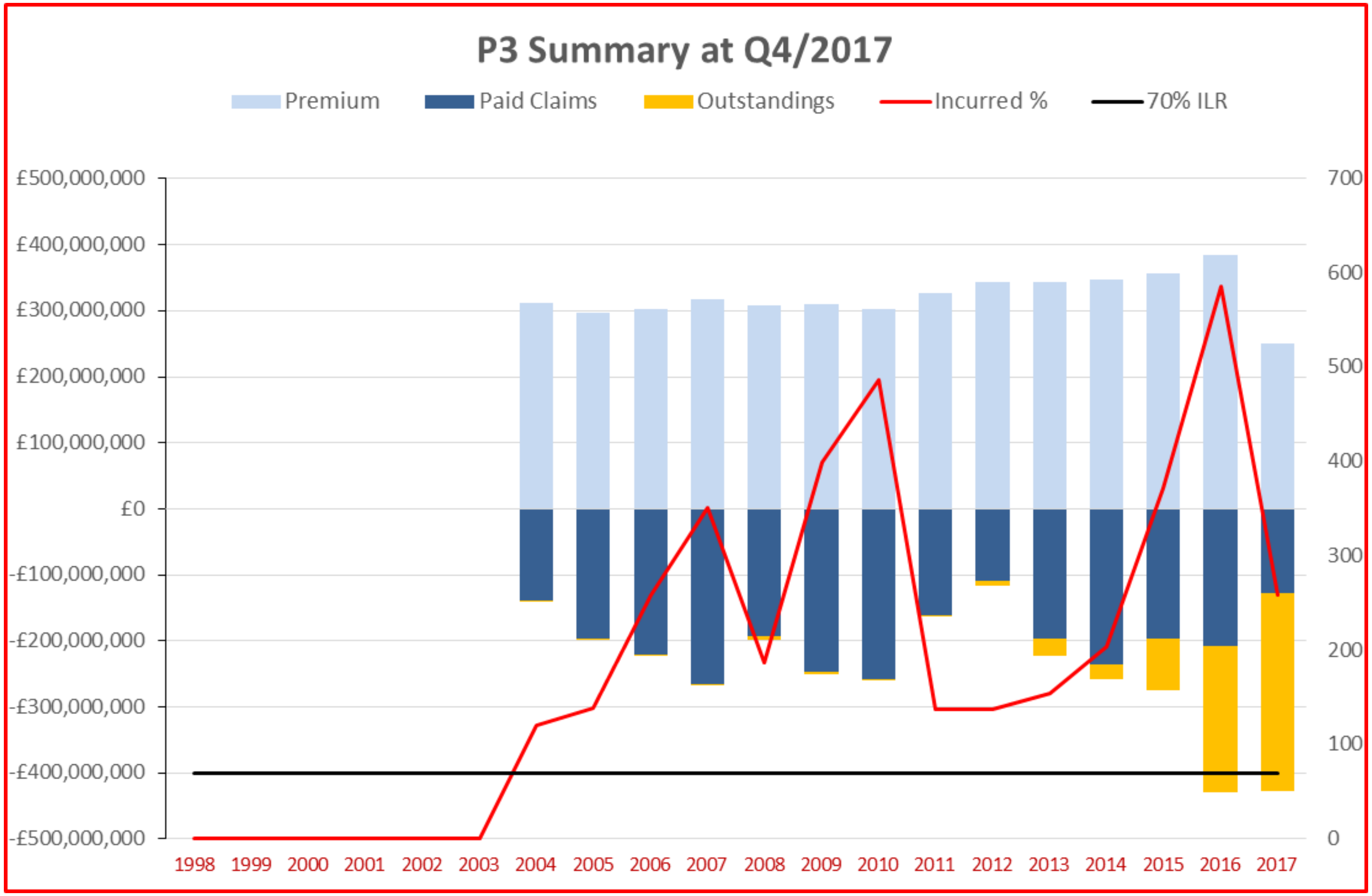
New Build Codes (NBC)- do they really work?

- New guidance was published in the Building (Earthquake- prone Buildings) Amendment Act 2016 which introduced major changes to the way earthquake- prone buildings are identified and managed
- It is noted that the NBC codes are there to minimise loss of life, however they also bear relevance to the Underwriting of Property risks
- Is 7 years too long to allow Building owners to upgrade their Building structure in light of a report issued?
- Why in the Kaikoura Earthquake did buildings which were deemed to be Earthquake proofed collapse to the ground? Statistics Building which was in excess of 85% code has to be raised to the Ground and BNZ Building having substantial repairs to it?



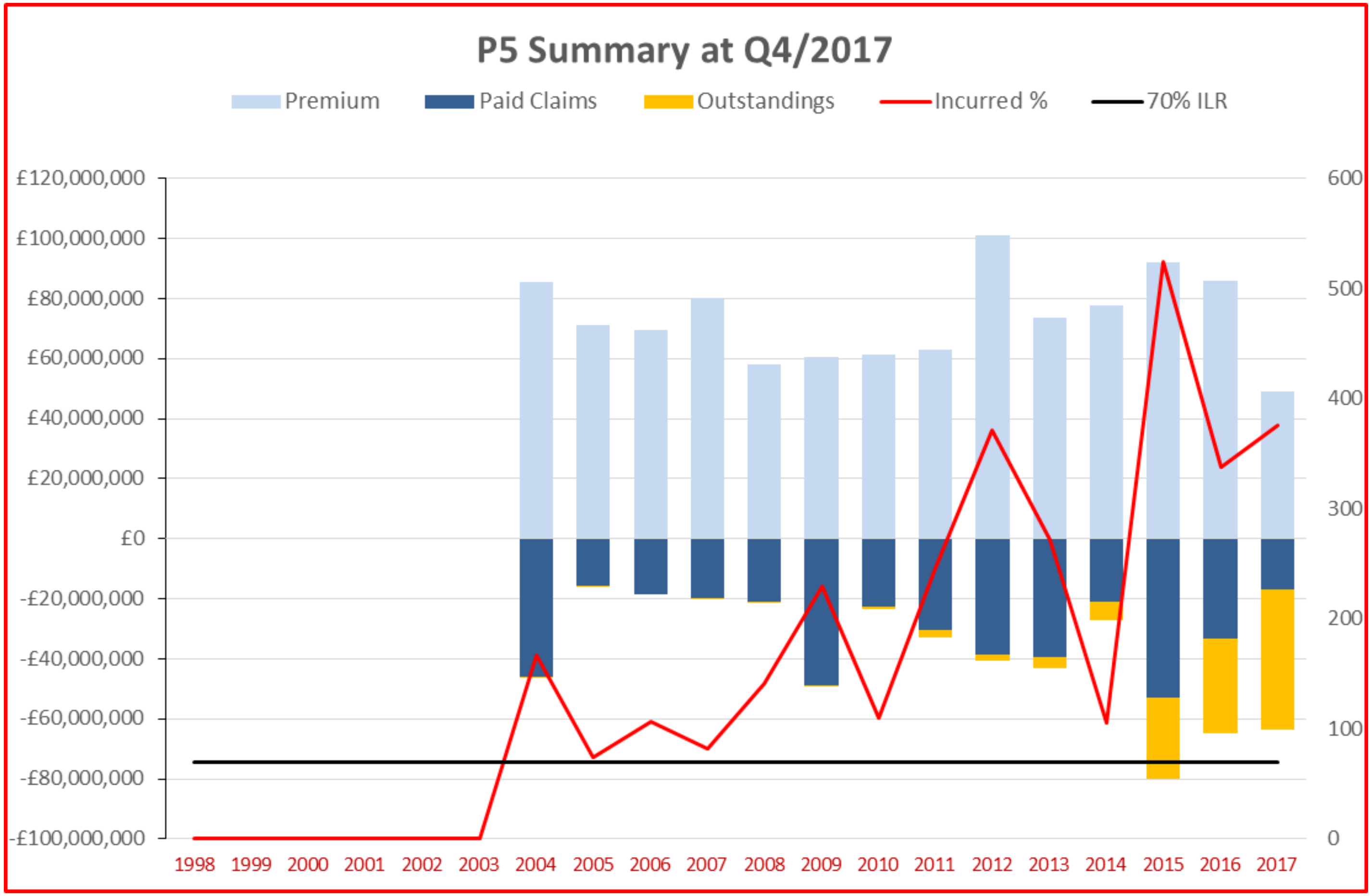
LMA Claims Triangulation data

Recent events, demonstrates that the London property market on a Primary basis is looking a little sick

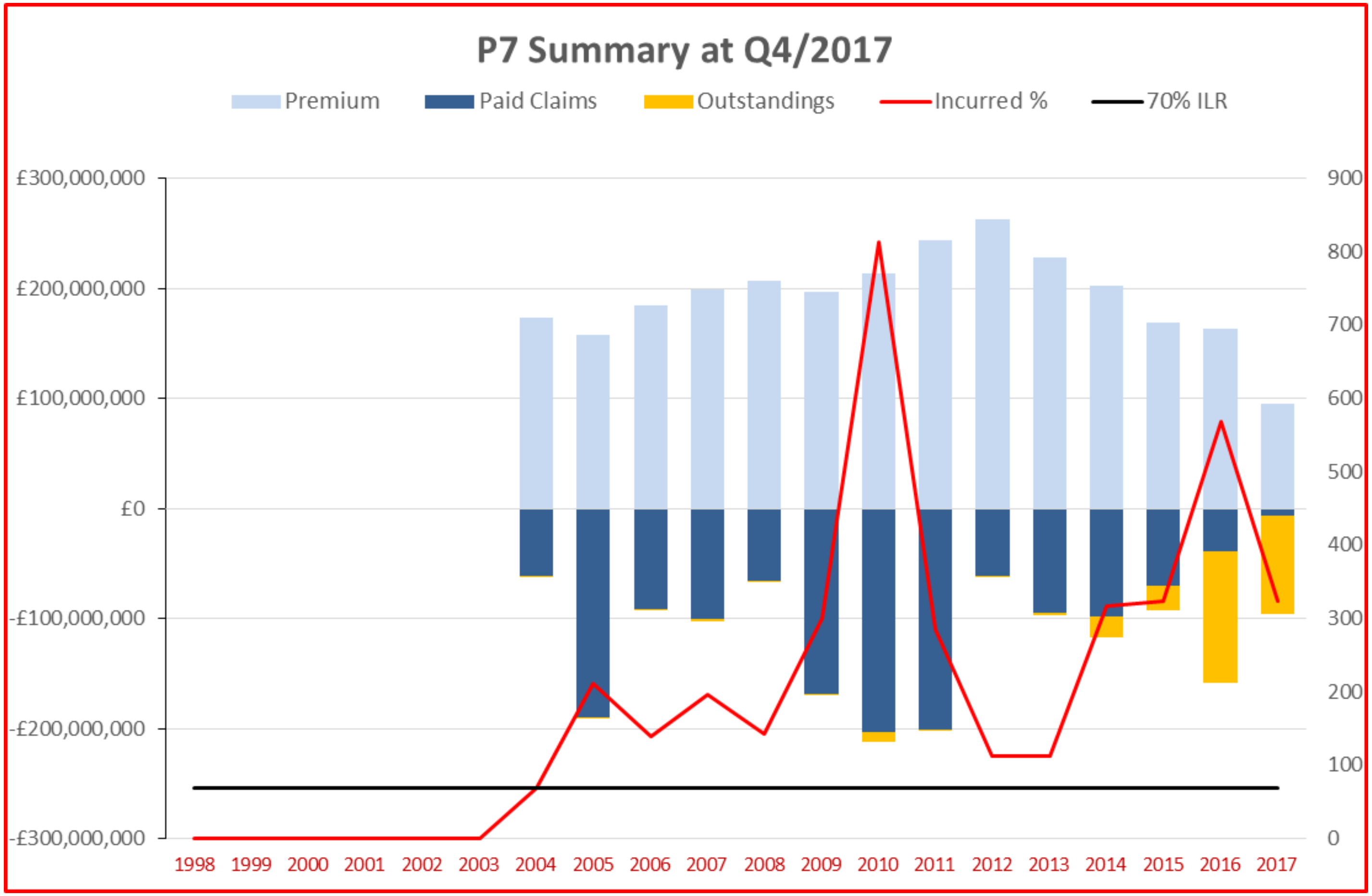


LMA Claims Triangulation data

On a QS basis, the results are marginally better….



LMA Claims Triangulation data



A Year of Woe in the Property Market…But with light at the end of the tunnel

EVEREST

THE INSURANCE Insider

Insight and Intelligence on the London & International Insurance Markets

BREAKING NEWS ALERT

JLT Re: cat losses hit record $140bn in 2017

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BREAKING NEWS ALERT

London market to take $350mn El Conquistador loss

Catrin Shi

The El Conquistador hotel in Puerto Rico, which suffered extensive damage from Hurricane Maria, is claiming for the full $350mn limit of its property direct and facultative (D&F) policy, ***The Insurance Insider*** understands.

THE INSURANCE Insider

Insight and Intelligence on the London & International Insurance Markets

BREAKING NEWS ALERT

Aon Benfield puts HIM insured losses at $80bn

Laura Board *24 January 2018*

Aon Benfield has estimated insured losses from hurricanes Harvey, Irma and Maria (HIM) at $80bn and insured losses from natural disasters in 2017 at $134bn.

Last year was the costliest on record for weather-related insured losses, which came to $132bn, and for wildfire losses, which totalled $14bn, said the reinsurance broker's Impact Forecasting unit.

At $134bn, insured losses from natural catastrophes as a whole - a broader category than weather-related losses - were the second costliest on record.

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BREAKING NEWS ALERT

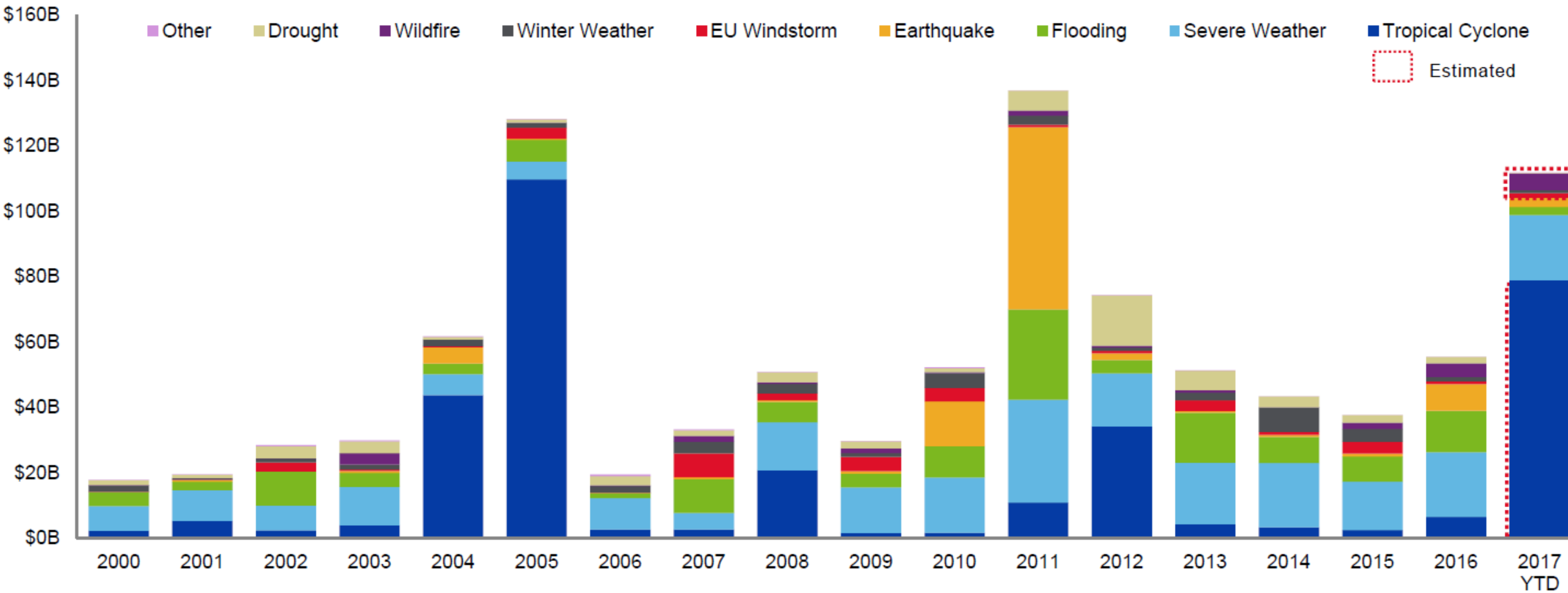
Lloyd's D&F market makes ground at 1 January

Catrin Shi

Rate increases achieved by the property direct and facultative (D&F) market at 1 January could herald the beginning of a slow recovery in the class, which has been one of the greatest victims of the prolonged soft market.

Global Insured Losses by Year

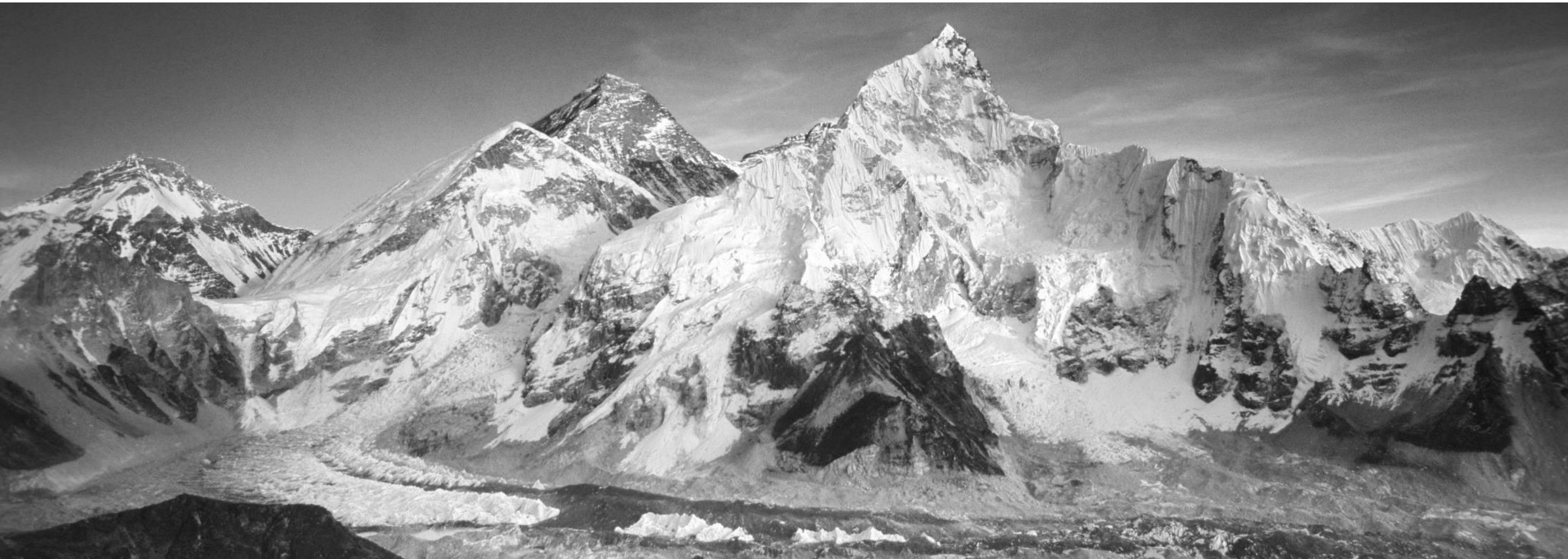
Preliminary 2017



2017 Worst year for US natural Catastrophes since 2005

Source: Aon Benfield Impact Forecasting

First time to London?



Why come to London?

- Underwriters value seeing clients on a face to face basis to begin or build up a relationship

- There is still a 2 tier pricing mechanism in London; clients who come before a loss will be more favourably received than those distressed buyers

- There may be some disparity between pricing, terms and conditions compared to the local market, however for an approx 20% order, the overall cost to you will be diluted and will give you balance of market

Showcasing your risk

What we love

- Passion for your risk, demonstrating a true belief in your assets
- If you love your risk, invite us to see it!
- Revalued assets at least every 3 years
- Good Risk Management
- Capex details- if you are going to spend meaningful amounts on maintenance, tell us about it!
- Structural upgrades- Seismic strengthening, we want to know about it!
- Clients having considered responses and remedial plans in the event of losses
- Good, meaningful deductibles

What we don't love as much

- Careless losses- accidents happen, but what risk controls were in place to mitigate the loss in the first place?
- Orders disappearing from London post loss
- Outdated surveys and risk management documents
- Try to come up with something new to talk about regarding your risk, year on year

Questions?

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