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Everest Group Ltd. (EG)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to the Everest Group Limited Fourth Quarter of 2025 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to Matthew Rohrmann, Senior Vice President, Head of Investor Relations. Please go ahead.

Matthew Rohrmann

Senior Vice President & Head-Investor Relations, Everest Group Ltd.

Thanks, Drew. Good morning everyone and welcome to the Everest Group Limited fourth quarter of 2025 earnings conference call. The Everest executives leading today's call are Jim Williamson, President and CEO; and Mark Kociancic, Executive Vice President and CFO. We're also joined by other members of the Everest management team.

Before we begin, I'll preface the comments by noting that on today's call we'll include forward-looking statements. Actual results may differ materially, and we undertake no obligation to publicly update forward-looking statements. Management comments regarding estimates, projections and future results are subject to the risks, uncertainties and assumptions as noted in Everest's SEC filings. Management may also refer to certain non-GAAP financial

measures. Available explanations and reconciliations to GAAP can be found in the earnings release, investor presentation and financial supplement on our website.

With that, I'll turn the call over to Jim.

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

Thanks, Matt. And good morning, everyone.

Before getting into the quarter, let me provide a brief summary of the strategic steps we took in 2025. During the course of the year, we simplified the company, reduced reserve risk, reshaped the portfolio, and strengthened the balance sheet. Despite reserving actions and costs associated with implementing our \$1.2 billion adverse development cover and the divestiture of our commercial retail business, we generated an operating ROE of 12.4% and a TSR of 13.1%. We also made significant strides in strengthening the management team with several new world-class executives joining us in critical roles. Today, Everest is better-positioned to drive improved performance and consistent returns. We have more work to do and the entire Everest team is focused squarely on the rigorous execution of our business plan to ensure we achieve our financial and strategic objectives.

Turning to the quarter. Gross written premiums were \$4.3 billion, down year-over-year, driven primarily by the sale of the commercial retail business and deliberate underwriting actions in both businesses, particularly in U.S. casualty lines. Net investment income was \$562 million, up meaningfully from prior year, driven by growth in the fixed income portfolio and strong performance from limited partnerships. Investment income continues to be a durable contributor to earnings. The combined ratio for the quarter was 98.4%, including \$216 million of catastrophe losses and \$122 million of ADC premium. Excluding those impacts, the attritional combined ratio was 89.9%, reflecting the underlying strength of the book and our focus on margin development.

Now for our segment results. Our fourth quarter reporting is consistent with prior quarters, with operating results presented for reinsurance and insurance. Mark will provide details regarding future segmentation.

The reinsurance business performed well in the quarter with strong underwriting discipline applied consistently across geographies and lines. The division generated \$255 million of underwriting income in the quarter. Our ongoing portfolio discipline and reinsurance is the driver of our strong underlying performance. For example, since we began deliberately re-sizing our casualty portfolio in January of 2024, we have come off over \$1.2 billion in premium. This same discipline carried into the January 1 reinsurance renewals. As expected, market conditions softened across many lines in the Jan 1 renewals, with property CAT rates down an average of 10% globally, while remaining above our required technical price. As has been the case in past renewals, our preferred market position allowed us to shape our signings to maximize expected profitability. We bound over \$6.3 billion of premium at Jan 1, down just under 1% over expiring. Terms and conditions and attachment points largely held, which is a sign of underlying market discipline.

Total property limit deployed decreased for the first time since 2022, with a modest 2% reduction. Capacity deployment was selective. We retained over 95% of our in-force premium with our top-tier accounts while deliberately reducing exposure to less profitable deals. We continue to see attractive opportunities in Asia, including in our new India branch as well as in targeted specialty lines.

The global development of data centers, supporting energy capacity and other infrastructure investments has helped propel and diversify the development of our specialty book, which is now approximately \$2 billion in premium, with an attritional loss ratio in the mid-80s. Our Mt. Logan third-party capital business is also performing

well with over \$2.5 billion of AUM as of January 1. We have an excellent pipeline of investor interest in Mt. Logan across multiple lines of business, and I would expect Logan to assume a more prominent role in our capital mix over time.

Overall, the Everest reinsurance team once again did an excellent job navigating a more challenging market.

Moving to insurance. As I discussed during our Q3 earnings call, we completed our one renewal casualty remediation in North America as planned and are seeing indications those efforts are improving book performance. In addition, in October, we sold the renewal rights to our European, U.S. and Asian commercial retail insurance businesses to AIG for a total consideration of \$426 million, including the Transition Services Agreement. Since then, we have been working closely with AIG to transition that portfolio.

Pricing in the insurance book remained strong in Q4. North American casualty pricing continues to exceed average loss trend, with GL, auto and umbrella/excess increasing in some cases as much as 20%. This was somewhat offset by declining rates in property, which were down 11%, but remain above required technical price. While the retail divestiture will create modest short-term pressure on our Group expense ratio, we expect it to subside in coming quarters back to levels where we've historically operated.

I think it's worth spending a moment to outline the scope and strategy of our Global Wholesale and Specialty platform. This business competes in attractive markets where the capabilities needed for success closely aligned with our reinsurance treaty business. Both businesses require expertise-driven underwriting discipline, limited but strong distribution relationships, dynamic capital management, and strong supporting claims and technology capabilities. This focus will allow us to further sharpen our execution and efficiency to benefit our clients and shareholders.

At year-end 2025, gross written premium for our go-forward Global Wholesale and Specialty business was \$3.6 billion, including \$1.2 billion in facultative, which we have reported in this and prior years as part of our reinsurance business. Also included in this business is Syndicate 2786 and our London Market business, Evolution, our U.S. E&S platform, U.S. programs and a range of specialty underwriting units in areas like marine, aviation, political risk, surety and accident and health. These businesses are relatively mature with established underwriting franchises and proven risk selection. The platform is positioned to generate reasonable underwriting profits even as we select more prudent loss picks going forward. We expect additional mix improvement to increase underwriting profitability over the course to 2026.

Since announcing our retail divestiture in October, we've quickly assembled the go-forward management team of Global Wholesale and Specialty, now led by Segment CEO, Jason Keen. Jason has deep experience, running profitable specialty insurance businesses around the world, and he's already positioning Global Wholesale and Specialty for improved performance. We expect this business to become a more significant share of Everest's earnings mix over time.

Finally, a word on reserves and capital management. As Mark will share in more detail in a moment, we've completed all our reserve studies for the year. In reinsurance, we believe the overall division position is robust, driven by short tail and specialty lines. In insurance, we believe prudent loss picks in the most recent accident years, coupled with our previous actions and the cover provided by our ADC, dramatically improved and stabilized our overall position, despite the ongoing challenges posed by the abuse of the U.S. legal system.

And I'll end with capital management. To speak plainly, Everest stock price does not reflect the value of our firm, either in terms of current book value or the strong potential earnings of the company going forward. As long as

that's the case, we will prioritize share repurchases as a use of excess capital. In Q4, we repurchased \$400 million of shares and a further \$100 million in January of 2026.

And with that, I'll turn the call over to Mark.

Mark Kociancic

Chief Financial Officer & Executive Vice President, Everest Group Ltd.

Thank you, Jim. And good morning, everyone.

As Jim mentioned, 2025 was a transformational year at Everest. We took significant steps to improve the return profile of our business and strengthen our balance sheet, while at the same time returning capital to shareholders. Everest delivered a solid fourth quarter, generating \$549 million of net operating income, an operating return on equity of 14.2%, and an annualized total shareholder return of 13.1%.

Our results this quarter reflect the strength of the contributions from both underwriting and our investment portfolio. There are several onetime moving parts that include the premium cost associated with the adverse development cover, the sale of the renewal rights to our commercial retail insurance business, and the preliminary onetime charge associated with the exit of that business. And I'll discuss each of these items in detail in a few minutes.

Starting with Group results. Everest reported fourth quarter gross written premiums of \$4.3 billion, representing an 8.6% decrease in constant dollars, while excluding reinstatement premiums from the prior-year quarter. This was largely driven by targeted reductions in U.S. casualty lines, as well as the impact of our announced exit of the commercial retail insurance business. The combined ratio was 98.4% for the quarter, and this includes approximately \$122 million or 3.2 points on the Group combined ratio from premium consideration, Everest paid for the second layer of the adverse development cover we announced in the quarter. The premium consideration was split between a \$105 million in the insurance segment, underwriting results with the remaining \$17 million in the Other segment, and is recorded in the prior-year loss expense line of the financials.

Catastrophe losses contributed 5.6 points to the Group combined ratio, largely driven by Hurricane Melissa and other mid-sized events globally. The Group attritional loss ratio improved 3.7 points to 60.2% in the quarter, largely driven by improved loss experience, while we continue our prudent approach to setting initial loss picks in U.S. casualty lines. The attritional combined ratio improved 1.7 points to 89.9%, when excluding the impact of \$68 million in profit commissions related to prior-year loss reserve releases and mortgage lines from fourth quarter 2024. The commission ratio improved to 22.4% in the quarter, while the underwriting-related expense ratio increased 1 point to 7.2%. And the increase was primarily driven by lower casualty net earned premium growth and several onetime costs in our insurance business, which I'll speak to shortly.

In the other income line, we recognized the net benefit of a \$127.3 million associated with the sale of the Commercial Retail Insurance Renewal Rights to AIG in the quarter. And this consists of \$289 million of revenues and fees offset by charges of \$162 million.

As I previously noted, we expect there will be approximately \$150 million of restructuring charges throughout 2026, associated with our exit from the commercial retail insurance business. And this includes approximately \$80 million of real estate related costs that we expect to incur in the fourth quarter of 2026, which we'll look to mitigate where possible. These costs will be reflected in our other income and expense line within operating income and will not impact the combined ratio.

In our Other segment, we expect approximately a \$10 million monthly net expense benefit from AIG in each of the first nine months of the year. Net earned premium associated with the commercial retail insurance business will continue to earn through the Other segment before diminishing to a small amount around year-end. Given these dynamics, the combined ratio will likely fluctuate during the year as earned premium rolls off and general expenses diminish throughout the year. We expect the Other segment to run at a combined ratio above a 110% in 2026, driven primarily by higher expenses as we transition the commercial retail insurance book to AIG.

Moving to reinsurance. Gross written premiums decreased 3.6% in constant dollars versus the prior-year quarter, when adjusting for reinstatement premiums during the quarter. And we grew 10.1% in Property CAT XOL, when excluding reinstatement premiums and continued to expand in global specialty lines, while remaining disciplined in casualty lines. The combined ratio increased 80 basis points from the prior year to 91.2%. The attritional combined ratio increased 90 basis points to 84.6% when excluding the impact of \$68 million in profit commissions associated with favorable mortgage reserve development from the prior-year fourth quarter.

And moving to insurance. Gross premiums written decreased 20.1% in constant dollars to \$1.1 billion. Growth in accident and health and other specialty was more than offset by the lower retention and new business in our commercial retail business. As a result of the announced renewal rights transaction in October.

The underwriting-related expense ratio was 21.5%, with the increase driven by reduced casualty earned premium growth as well as onetime restructuring impacts that contributed 1.2 points to the increase, relating primarily to accelerated IT project depreciation. The commission ratio increased 1.5 points to 14.1%, with the increase largely driven by mix. The attritional loss ratio improved to 68.6% this quarter, while at the same time we remain disciplined in our approach to setting and sustaining prudent loss picks in our U.S. casualty lines portfolio, given the elevated risk environment due to social inflation.

There were several large energy losses in the market that impacted our wholesale business in Q4, leading to an elevated insurance attritional loss ratio. In addition to the premium consideration for the second layer of the adverse development cover, this led to an elevated combined ratio in our go-forward Global Wholesale and Specialty Insurance business in the quarter.

Now moving to our Other segment, with the announcement of the renewal rights transaction of our commercial retail insurance business, we will report three segments beginning in 2026. Our Treaty Reinsurance business, our Global Wholesale and Specialty Insurance business, which includes facultative business, and our Other segment, which will encompass the exited Commercial Retail business. We expect to disseminate the historical re-segmentation following the filing of the 2025 Form 10-K.

Now, moving to reserves. All material reserve studies were completed during the third quarter. And our fourth quarter reserve roll forwards and review process yielded immaterial net movements for the three segments. Overall, we continue to see evidence of improved underwriting results in our insurance U.S. liability lines from the remediation process. We continue to maintain elevated loss picks in 2026 for U.S. liability lines, as we did in 2025, given the uncertainty of the environment. Rate remains in excess of loss trend for U.S. casualty lines. And we expect that U.S. casualty lines will continue to represent a smaller portion of our reinsurance and insurance premium ratings in 2026 year-over-year.

Moving on to investments. Net investment income increased to \$562 million for the quarter, and this was driven by higher assets under management and strong alternative asset returns, which generated a \$125 million of net investment income in the quarter versus \$41 million in the prior-year quarter. Overall, our book yield remained flat

at 4.5% and our current new money yield is approximately 4.7%. We continue to have a short asset duration of approximately 3.4 years, and the fixed income portfolio benefits from an average credit rating of AA-

For the fourth quarter of 2025, our operating income tax rate was 19.7%, which was above our working assumption of 17% to 18% for the year, due to higher income associated with the proceeds from the renewal rights transaction. In the full year, operating effective tax rate was 16.3%. Operating cash flow for the quarter of negative \$398 million decreased from \$780 million in the prior-year fourth quarter, primarily driven by the consideration paid for the adverse development cover in the quarter. Shareholders' equity ended the quarter at \$15.5 billion. Book value per share ended the quarter at \$379.83, an improvement of 20.1% from year-end 2024, when adjusted for dividends of \$8 per share year-to-date.

In the fourth quarter, we repurchased 1.2 million shares, amounting to approximately \$400 million at an average share price of \$320.59 per share. For the full year, we repurchased 2.4 million shares, amounting to approximately \$800 million at an average share price of \$333 per share. Looking ahead to 2026, we repurchased an additional 100 million of common shares this past January, and we continue to view share repurchases very attractively and plan to continue share buybacks in Q1 and in 2026 as a whole, given the return profile of our businesses and the expected capital release from the renewal rights transaction that will be unlocked over time. As mentioned on the third quarter call, we consider \$200 million as a quarterly floor for common share repurchases and expect to have a willingness to exceed this amount. Conditions permitting, as you saw in the fourth quarter.

And with that, I'll turn the call back over to Matt.

Matthew Rohrmann

Senior Vice President & Head-Investor Relations, Everest Group Ltd.

Thanks, Mark.

Drew, we are now ready to open the line for questions.

Everyone, we please ask you to limit your question to one question and follow-up and then rejoin the queue if you have additional questions. Thanks.

Drew.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator Instructions] The first question comes from Gregory Peters with Raymond James. Please go ahead.

C. Gregory Peters

Analyst, Raymond James & Associates, Inc.

Q

Good morning. So I want to focus on the expense ratio. And I know you've called out that it's going to be higher as you work through some of the restructuring initiatives in 2026. But what's the final destination? If you look forward for the Global Wholesale and Specialty business when we think about the expense ratio. And there's the two pieces, right? The commission and then the other underwriting expense. Just wondering what that kind of looks like going forward?

Mark Kociancic

Chief Financial Officer & Executive Vice President, Everest Group Ltd.

A

Greg, it's Mark here. So, let me unpack this a bit for you. I think for the – let me just speak to the Group first. Bit elevated as a result of moving parts we have here with the retail insurance transaction. So, 6% to 7% is what we expect for the year. I think ultimately that has to be on the lower end of 6% as we enter into 2027.

With respect to Global Wholesale and Specialty, we'll get into that more when we have the re-segmentation in the – probably in March or late February when we release the re-segmentation statements to the market via 8-K. I do think the expense ratio for GW&S will be significantly lower than the current insurance segment, and that's still going to be lower end of double digits. You're probably going to be in the 12%-13%-type percent to start. And I believe that that will improve over time as we benefit from scaling the businesses and becoming a bit more efficient. So, I would expect that to move during 2026 and then settled into 2027 into a more mature level.

C. Gregory Peters

Analyst, Raymond James & Associates, Inc.

Q

Perfect. Thanks for the color. And then just stepping back, a lot of breathless rhetoric in the marketplace about price action and reinsurance. And it feels like when we go into the June renewal season, that there could be further pressure on reinsurance pricing. So, if you could just provide us some perspective on how you think that might change the portfolio. And I noticed in your comments, Jim, you said, it's still – you're still getting rate adequacy where you choose to participate. And I'm just wondering if you anticipate changing your approach in different layers as the market continues to evolve?

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

Yes. Thanks for the question. I mean, I think, first of all, as a general expectation, given what we saw at Jan 1, from a supply demand perspective, I would sort of expect the rest of this year to be similar to the 01/01 renewal with rates on property CAT down in that whatever, 10% to 15% range that various folks are reporting, I think that's a reasonable expectation.

Florida will be an interesting dynamic. I mean, there's a clear dependence on reinsurance capacity to serve that market, which I think will help buoy the demand side of the equation. At the same time, it's pretty clear to us, now in our data, and I think we've been quite conservative about this, that the reforms in Florida are working, and

we're seeing it clearly playing out in our data, and I think others will be as well. So, I'm not going to give you a point estimate on how those two factors intersect, other than to say I think there could be some reasons to suspect it, it may be down a little bit more than what we saw at 01/01.

And then in terms of the return estimates of the business, it's above where we sort of require the return on capital for property CAT to be, to continue to write the business at scale. We feel good about that. We haven't really changed our layered approach much. I think if you dissect our PMLs, you might see a little bit of upward movement in the lower return periods. That's really an inflationary factor, more than us trading down in the stack. We like our positioning. We tend to play what I'd sort of call in the middle of most [ph] UNL programs (26:50), we usually avoid the really remote tail positions because we don't feel like we get paid enough, and then further down you get too close to loss. So I think we're in a good spot. I don't really suspect we'll change it much as we go forward.

C. Gregory Peters

Analyst, Raymond James & Associates, Inc.

Got it. Thanks for the answers.

Q

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

You got it.

A

Operator: The next question comes from Alex Scott with Barclays. Please go ahead.

Alex Scott

Analyst, Barclays Capital, Inc.

Hey, thanks for taking the question. Could you comment a bit just about rate adequacy and how it compares to 2022? I think it's an interesting conversation. When you consider those expectations for rate through the rest of the year, where does that kind of shake you out relative to 2022? Do you still find the market attractive to grow? How should we think about how you will shift your market share in property CAT in particular, and as this unfolds?

Q

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

Sure. Yes. Good question, Alex. Look, I would say that from a rate adequacy perspective, return on capital, we – I like property CAT better today than I would have in 2022. And certainly, you saw us cutting back in 2022 pretty meaningfully, which I think was the right move, particularly in light of the CAT losses that occurred toward the end of that year. And then in addition to rate, what's also really critical to keep in mind is structurally how programs are crafted today is much more advantageous, I think, to the reinsurance market relative to program structures like aggregates, the low-down covers are gone, we're not participating in those. So, feeling much better about returns given where we sit right now.

A

In terms of market share view. I think you've hopefully heard me say, repeatedly, that's just not something we think a whole lot about. We look to place ourselves on the right programs, the right clients, shift the book as the economics shift. But if I were to step back from all that, I would sort of assume, and I think you heard my comments in the prepared remarks about what we did at Jan 1, we did take a little bit of capacity off the table. I wouldn't necessarily be surprised if that's a theme for 2026 and if others are willing to write more at lower prices, then our – I guess, our absolute market share would decline slightly. But it's really on the margins. And the profit-generating capacity of the book we're writing now, I think, is very favorable.

Alex Scott

Analyst, Barclays Capital, Inc.

Q

Got it. And then next on capital of deployment. Obviously, you've ramped up the buybacks. Could you talk about your capital position currently, how you're thinking about it, and just as you're potentially put in a little bit of capacity off the table, what would that mean for how you approach buybacks in 2026?

Mark Kociancic

Chief Financial Officer & Executive Vice President, Everest Group Ltd.

A

Capital position's very strong right now. So you've got several impacts to your point. So, first of all is we want to keep obviously the A-plus financial strength rating of the company, execute the strategic plan. I suspect this will be a lower growth – growth type year versus previous years in the marketplace, so there will be less pressure to support significant growth. And given the profitability expectations ROE, I expect to generate significant levels of net income this year. So, these are all positives for creating even more excess capital. Combine that with what I would consider to be expected capital releases in the back half of the year as a result of the renewal rights transaction, I think that adds even more excess capital for repatriation purposes.

And then, you can get into, where are we? We're trading at a discount to book. So, it's very attractive, no matter what, to do the buybacks. And you saw us step on the gas in Q4. We'll continue that Q1 and for the rest of 2026, we continue to see that as very attractive and probably the best use of excess capital in 2026.

Alex Scott

Analyst, Barclays Capital, Inc.

Q

Thank you.

Operator: The next question comes from Meyer Shields with KBW. Please go ahead.

Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Thanks. I want to follow up on the capital question. Basically, hoping you can describe your openness to additional retroactive reinsurance transactions for the future, Other segment, and maybe a sense as to how much capital is currently supporting reserves that will be in that segment once you've re-segmented everything.

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

Sure, Meyer. Thanks for the question. I would think about it this way. The ADC obviously that we executed in 2025 was about creating certainty around reserves. And I think that's something that I put in the done column. So not really looking at additional ADCs for that purpose.

But, at the same time, I think particularly given the growth of the Other segment with the runoff of the retail business, I think there could be interesting opportunities for us to leverage transactions as a way of managing and freeing up capital. The reserve balance in the Other segment is going to grow meaningfully obviously with the re-segmentation. And so, we have a – we have now a dedicated CEO of our runoff business, and I know that he's actively looking at ways to optimize the capital stack of that unit. And so, I wouldn't be surprised if we find creative ways to further optimize the way we're using our capital to support that runoff.

Mark Kociancic

Chief Financial Officer & Executive Vice President, Everest Group Ltd.

A

Just to add to the capital question on reserves, Meyer. So, I think we've got or will have approximately \$1 billion, supporting the bulk of those reserves. And I would expect it to start to diminish, most likely in H2 as the renewal rights transaction matures and we start to run off the earned premium that you'll see in the Other segment in Q1 and Q2, it will start to approach a much smaller number, plus the paydowns on the reserves will start to release that capital. So, I think we'll get meaningful portions of that in the back half of the year, first part of next year. And then there's a good chunk of those reserves that are longer tail in nature. So that \$1 billion or thereabouts will take some time to fully run off, several years, given the nature of casualty, but there should be a nice slug from essentially July 1 this year into next year that frees up.

Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Okay. That's very helpful. Second question. I'm just unclear, in the slide deck where you talk about the ambitions for the Global Specialty and Wholesale – or Global Wholesale and Specialty unit. It talks about a high-90s attritional combined ratio going to mid-90s. Is the mid-90s an attritional number or an all-in number?

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

Yes, that would be – I mean, I would think about it as, as that business sort of stabilizes in 2026, as being sort of an all-in view. Now, it's not a – it's not a heavy CAT business. So, the gap between attritional and total combined ratio is certainly nowhere near what you would expect out of our reinsurance business. But I would think about that as an all-in number.

Mark Kociancic

Chief Financial Officer & Executive Vice President, Everest Group Ltd.

A

And part of that shift, Meyer, is mix of business composition in GWS. You will see more short tail emphasis in the premium composition in 2026 versus some of the historical results. And I think when we get to the re-segmentation discussions next month, we'll put more color into this when we discuss it.

Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Okay. Fantastic. Thank you so much.

Operator: The next question comes from Josh Shanker with Bank of America. Please go ahead.

Joshua Shanker

Analyst, BofA Securities, Inc.

Q

Yes. I want to follow up a little on Alex's question. January 1 renewals is really discussion for the next conference call, but we can see a little bit with PML. You gave us your January 1 PML exposure, and they are down as a percentage of equity as capital is up, which means that you're taking less risk. Can you opine a little bit on how we might think about property premium underwritings in 1Q versus 1Q 2025? If your exposure's down, maybe premium's down a good bit as well?

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

Yes, sure, Josh. I mean, I think, I wouldn't be surprised if you start to see the growth that we've had over the last couple of years in total property premium begin to subside. Now you got to keep in mind, our Q1 print is going to include a lot of recognition of premium that was written in 2025, and we had a lot of growth in the middle of the year in particular. So, I'm not going to give you a point of expectation around up, down, or sideways around that.

What I would say is, in terms of total risk, I think we're getting paid really well. Program structures are good. Rate levels remain above adequacy. We're taking some chips off the table, really around the margins, as we evaluate programs to ensure they're all hitting our hurdle rates. And I expect that to continue during the course of 2026.

Joshua Shanker

Analyst, BofA Securities, Inc.

Q

Thank you. And shifting gears to the insurance section segment. If we think three years into the future, how big of an insurance underwriter is Everest? And is that a business where Everest can consistently be profitable at a smaller size?

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

Yes, I think, Josh, I think if this industry has learned one lesson, not just in our own experience, but many, many others is, is setting growth objectives, long-term growth objectives, size is not the way to measure these businesses. Bottom line profit is the way to measure these businesses. And my expectations for that business in 2026 and in every year going forward is that it makes underwriting profits and strong returns on capital.

Now, that said, we are a relatively modest-sized player in a very large pool. And I think we have a great management team. We've got great products. We're well-represented among our distribution partners. I think the divestiture of retail further strengthens us with many of our distribution partners. And so, there's going to be a lot of opportunity, and we'll certainly take advantage of it.

But I'll reiterate just so we're all crystal clear, that will be viewed through the lens of how do we drive underwriting income growth, not how do we create a bigger topline. I do think we could be quite relevant, but again, always harkening back to that bottom line result as the measure that matters.

Joshua Shanker

Analyst, BofA Securities, Inc.

Q

In the few core lines, will you have an expansive appetite?

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

Well, I think, I mean, I think we have a reasonably broad appetite. We have a lot of capability, as I described. We've got our London Market business, our U.S. E&S business, highly specialized underwriting units in a variety of segments. So, I think we're broad that way. But if you look underneath the covers, in each of the areas we're choosing to underwrite, we have a lot of depth and capability.

So, I would characterize it as, across the entire business, lots of variety, but in our individual underwriters [ph] it's quite small and (38:55) deep, and we would rather write more risks in areas we really understand than try to find ways to write new, different risks. And some of the examples I cited earlier, for example. Take our U.S. E&S

business. We have a really nice expertise in construction and engineering, and that's an area where we're leaning in. We're taking advantage of all of the development you're seeing around data centers, energy, infrastructure. And so, I'd rather go deeper on that and get really honed, as opposed to find new greenfields to conquer.

Joshua Shanker

Analyst, BofA Securities, Inc.

Thank you very much.

Q

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

Thanks, Josh.

A

Operator: The next question comes from Michael Zaremski with BMO. Please go ahead.

Mike Zaremski

Analyst, BMO Capital Markets Corp.

Hey, hi. Good morning. Thank you. I guess my first question, just around a catastrophe is just thinking very high level. If this year was somewhat of a below-average CAT year, maybe disagree with that at about \$800 or so million of CATs and we'll see how that develops. Would a normal year be kind of like double that level, or just trying to get a sense, I think the CAT level was a little bit higher than expected in fourth. Just trying to understand, given all the mixed positioning if we should kind of be toggling up the absolute CATs by a very material amount for just a normal 2026 or 2027?

Q

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

Yes, Mike, I think using the word, normal, with respect to CATs is always a challenge. I think if you look at the total loss content in the industry, and there's a variety of estimates out there, 2025 was sort of what I would call an expected, it's the new normal year. You had – and I've seen a variety of estimates, but a lot of them coalesce around \$110 billion, \$120 billion, \$130 billion of industry loss. I call that a pretty hefty CAT loss year, and I think that's pretty normal these days. So, I think our CAT performance kind of made sense, given that backdrop.

A

And I don't really think of Q4 as elevated for us. I think if you look globally, I think a lot of times we over-indexed the United States, and we didn't have a landfalling hurricane in the U.S. in the fourth quarter. But there were a lot of things going on around the world, where a lead CAT underwriter in Latin America and the Caribbean region, we had a CAT 5 hurricane roll through the Caribbean. We had major storms and hail in Australia, flooding in Southeast Asia. So, a lot of things happened in the fourth quarter. When I look at our market share relative to those events, and the profitability of the underlying books that we're taking those risks, I feel really good about all that.

So, I wouldn't expect any sort of dramatic change in our approach to the CAT load as we go forward, other than to say the one thing to always keep in mind is, as you know, we've divested retail insurance, there's earned premium associated with that, that goes away. So you get a little bit of a movement in the denominator. But I think the numerator is relatively consistent year-over-year.

Mike Zaremski

Analyst, BMO Capital Markets Corp.

Q

Okay. That great color. Maybe just switching gears to capital management. I think you guys have been clear that at this valuation level, buybacks will continue to be the main source of capital of, you know, the contribution for shareholders. But I guess, given the topline is shrinking, unless we're doing the math wrong, it appears, including with the money you're going to get from AIG and etcetera, it appears you guys can do billions more buybacks than the consensus is estimating, at least starting in the back half of the year. So maybe more of a comment than a question. But maybe it would help if you eventually decided to kind of maybe give us a little bit more guidance, specifically on buybacks, as the year progresses to the extent valuation remains lower, hopefully doesn't. Thanks.

Mark Kociancic

Chief Financial Officer & Executive Vice President, Everest Group Ltd.

A

Yes, I think, look, there's several points that you made that I think are very good fundamentals for increasing buybacks. Certainly don't think a normal payout ratio of the 40% to 50% range is applicable for 2026 environment. I think that you're going to see something more elevated, particularly with the discounted share price and the general lack of intensity coming from the growth in the business. So, for me, those are great backdrops to promote even more buyback. And we'll communicate more when we have more.

There's still significant risk out there. You've got the wind season. You've got – obviously you've got standard risks like reserves, regulatory, potential opportunities, growth, et cetera. But I think the fundamental baseline is that, yes, there will be elevated capital management with all of the fundamentals we see right now, and we'll just take it one quarter at a time and try to increase the level of value that we're providing to shareholders as we buy back.

Mike Zaremski

Analyst, BMO Capital Markets Corp.

Q

Thank you.

Operator: The next question comes from Brian Meredith with UBS. Please go ahead.

Brian Meredith

Analyst, UBS Securities LLC

Q

Yes, thanks. Jim, I'm just curious. We're seeing a lot of M&A happening right now in the P&C industry and it's pretty typical for this part of the cycle. Is that something that you're thinking about to maybe bolster your global specialty – or your specialty businesses, parts you can add on? And clearly, you've got the excess capital to do it right now.

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

Sure, Brian, thanks for the question. Look, I think the first thing you have to keep in mind is where we left the last question, which is right now, we have a very compelling return on capital available to us with de minimis risk, which is repurchasing our own shares. And so, anything we would do on an inorganic basis would have to compete with that value proposition, and that's a pretty high bar.

That said, if the right thing became available, and it made sense, and it really advanced our strategic goals? It's certainly an option. We certainly have the firepower to do it. And we have a team now that has expertise from prior companies, executing a variety of M&A transactions and doing it well, and most importantly, understands how to do integration.

But if you were to see us do something, I think I could safely characterize whatever it might be as small, it would have to be on our existing strategy path. We're not going to go off and do something that's in new markets. And it would be relatively low risk, and it would have to add some capabilities, some distribution, a platform that would be too difficult to build on our own. So it's a very, very high bar.

Brian Meredith

Analyst, UBS Securities LLC

Q

Great That's helpful. And then, I guess, second question, just back in the reinsurance business, just thinking about 2026 year and kind of what's going on with property CAT. Property pro rata. What's kind of the appetite there? Do you think that maybe expands a little bit here as a percentage of the overall mix, just particularly given Florida and some of the attractive homeowner returns we're seeing there now.

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

Yes, we've had a really great run in property pro rata. Our team has done an outstanding job of selecting the right clients. Those programs, I think, are very well-structured in terms of event limits that help to really minimize the amount of property CAT exposure you need to take, relative to available profit. So, that's all working toward the good.

I think the thing we keep an eye on obviously is underlying rates in the property insurance market are starting to come down. And so, you'll see us be very thoughtful. I think that's playing through in our numbers now. We were down very, very slightly year-over-year in property pro rata. So, we like the portfolio. If additional opportunities present themselves, we could certainly lean into them. I'd say, right now, that we do have a little bit of bias to commercial and a little bit of bias to E&S. So, wouldn't necessarily expect a huge expansion in homeowners. And we'll see how the year plays out.

Brian Meredith

Analyst, UBS Securities LLC

Q

Right. Thank you.

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

You got it.

Operator: The next question comes from Elyse Greenspan with Wells Fargo. Please go ahead.

Elyse Greenspan

Analyst, Wells Fargo Securities LLC

Q

Hi, thanks. My first question, I wanted to spend more time on, some of the color you provided around January 1. So, you said that price was in property CAT, sorry, price was down 10%. But your book, I believe, you said, was down 1%. Can you just comment, I guess, what enabled you, I guess, to show a good differential versus the market? And then where did you see those better opportunities to drive that, you know, to put your book only down 1%? Was that in the U.S., Europe? I'm just trying to get some additional context there.

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

Sure. Elyse. Let me just make sure I clarify the numbers that we're using.

So, the minus 10 is that was our book, our rate change. So we were down 10 points of rate, 1 point of premium. So if you look at our total GWP – and by the way, that's not just property CAT. That's for all lines of business, including pro rata, specialty, which we saw some great opportunities, casualty et cetera. The total book premium – book premium was down 1%. And then, we slightly reduced our total deployed property CAT capacity in response to the 10% decrease.

Now, I think based on what I'm hearing from certainly some of the broker indices, maybe some of our esteemed competitors who have reported, I still think our 10% is a good number. I think we outmaneuvered, frankly, the market to sort of control it. I think a lot of people are more in the low teens, and I think that's a testament to our market position.

I think, if we look at where property cap pricing is right now, there's a lot of attractive opportunity around the world. Clearly, I think the U.S., particularly southeast U.S., is the best-priced peak zone. But there is good business to be had around the world. And we were active, pursuing those opportunities globally. So, there was really no one region where we said, Okay, we want to double down here because of where it's priced relative to others. It's a pretty broad-based opportunity.

Elyse Greenspan

Analyst, Wells Fargo Securities LLC

Q

And my second one, I guess, I just want to, I guess, cross-reference some of the datapoints you guys gave on the new insurance segment, and just make sure the right – I guess, the right soundbite is out there. Because I think, in the prepared remarks, you guys had mentioned that it's \$2 billion in premium, the specialty book with an attritional loss ratio in the mid-80s. And then I think the slides mention attritional combined ratio in the mid-90s. I would think the expense ratio differential would be greater than 10%. So, I'm just trying to tie those points in, and maybe that specialty attritional was not a loss, but a combined ratio. If you could just help me there. Thank you.

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

Sure. Sure. Elise. Yes. So, the \$2 billion – when I was talking about special – the \$2 billion specialty book, that's our reinsurance specialty book. And that's an attritional combined in the mid-80s. It's been an excellent business for us. We've grown that meaningfully. That's different than our Global Wholesale and Specialty business, our insurance business going forward, which is, if you look at where it would have landed in 2025, it's \$3.6 billion in premium, \$1.2 billion facultative – of that is facultative. And we would expect that for a whole year basis of 2026 to sort of fall in that mid-90s range and an all-in basis. So, hopefully, that squares the circle for you in terms of the numbers.

Elyse Greenspan

Analyst, Wells Fargo Securities LLC

Q

Yes. Thank you.

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

You got it.

Operator: The next question comes from David Motemaden with Evercore ISI. Please go ahead.

David Motemaden

Analyst, Evercore ISI



Hey. Thanks. Good morning. I had a question just on the OpEx expense ratio, the 6% to 7%, Mark, that you had called out that you expect for the year. And I guess it's going to work down to 6%, I think you said, by the end of the year. I was hoping you could just size for us the stranded overhead associated with the renewal rights deal. And I know you guys have a restructuring program out there, too. But just so we can sort of think about the dollar amount of stranded overhead associated with that deal and then just sort of track that throughout the course of the year as you guys whittle that down.

Mark Kociancic

Chief Financial Officer & Executive Vice President, Everest Group Ltd.



David, I think – so a few points I want to put on the table here. I think we're going to be on the elevated side of 6% to 7% at the beginning of the year. I think it'll trend downwards towards the lower end of 6%. I don't think it'll be 6.0% for example. Clearly, there's got to be a transition of the renewal rights to AIG throughout 2026, and we're planning for that. We'll obviously have commensurate corporate expenses with the remaining business. And the costs associated with the exited retail insurance business will eventually diminish significantly throughout the year as the business is transitioned over to AIG. So, that type of expense load last year, would have been in the low \$400 million range. So I would expect that to diminish significantly throughout the year as we transition on a quarterly basis to AIG.

What are we going to be left with by the end of the year? I would estimate we would be somewhere closer to the \$50 million type range, maybe a bit above. But the real issue is, we're going to have an Other segment or a legacy type segment for a significant period of time. There will be an associated run rate general expense with that, which will become clearer towards the back half of the year. And the expense reduction for the retail insurance unit, I think is also subject to making sure, first of all, that we fulfill our obligations on the renewal rights transfer, and that we properly treat the employees, et cetera that are exiting the company over time. So, a lot of moving parts here, but we have a clear set of objectives that we're trying to achieve in 2026.

David Motemaden

Analyst, Evercore ISI



Great. I appreciate that detail. Thanks. And maybe just one other one. So, it sounded like there were immaterial net movements on the reserve side. I see the \$2 million favorable in reinsurance, I wanted to focus there. Anything – any other changes around the casualty reinsurance reserves in the fourth quarter that you guys want to call out from like a gross basis that maybe were offset by releases elsewhere?

Mark Kociancic

Chief Financial Officer & Executive Vice President, Everest Group Ltd.



No, nothing material. The bulk of the work was done in Q3. We feel, I think, Jim alluded to this in his prepared remarks, very good about the reinsurance reserves in terms of embedded margin that we see, particularly in shorter tail lines. So, we believe we have still a very meaningful amount and an increased amount year-over-year. Feel good about casualty. So, yes, we're adequate right now.

David Motemaden

Analyst, Evercore ISI



Thank you.

Operator: The next question comes from Ryan Tunis with Cantor. Please go ahead.

Ryan Tunis

Analyst, Cantor Fitzgerald & Co.

Q

Hey. Thanks. Good morning. Just one for me. Just on capital management, listening to your remarks, it does sound like you think that there might be some excess and that could potentially be deployable at some point in time. But should we be thinking about any drawdown of that excess as more of a 2027, 2028 event? Or could that potentially be something that we see later on in 2026?

Mark Kociancic

Chief Financial Officer & Executive Vice President, Everest Group Ltd.

A

I think later in 2026 is certainly on the table. We have to see how the claims payout, for example, making sure that the renewal rights are transferred the way we believe they will be in 2026, and then making sure that capital is fungible for buyback. All solvable problems. And obviously, whatever events that may impact us during the year can be handled within our existing capital stock.

But you saw what we did in the fourth quarter. I think we were quite committed to buybacks, given the fundamentals. From my standpoint, I see a strong commitment to buybacks. As Jim alluded to, it's a very attractive return profile for the company. You'll see us emphasize that Q1 and for the remainder of the year, and as soon as we can, you know, we feel better about unlocking some of those expected benefits on the transaction, for example, that'll be a natural place to look. We'll go right after the buyback.

Operator: The next question comes from Tracy Benguigui with Wolfe Research. Please go ahead.

Tracy Benguigui

Analyst, Wolfe Research LLC

Q

Good morning. I have a follow up on the lower PMLs to equity at 01/01. Was that just a consequence of deliberately reducing exposure to less profitable deals that you mentioned? Or are you looking to improve capital efficiency, like lowering your PML to equity target?

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

Sure, Tracy, happy to unpack that for you. I mean, the first thing to keep in mind, and this is critical, we have plenty of capital to fuel whatever CAT underwriting we'd like to do. It's really a function of the market opportunities we're seeing. And so you – and certainly mentioned this regarding the January 1 renewal, we did start to take some chips off the table, while the overall available return in property CAT remains comfortably above sort of our target. Individual deals, given the rate decreases, sometimes don't meet our standards, and that's why we're cutting back a bit there.

The other thing that's happening under the covers is, as I mentioned in my prepared remarks, we've also had some really – really nice fundraising in Mt. Logan. So there's a little bit of a hedging component to it as well, where we're ceding a little bit more premium and hence PML to third-party investors, which we find attractive, and it certainly helps to boost our returns. And I think, as a rough estimate for what's going to happen over the next year, I think those themes will continue to play out on both sides.

Tracy Benguigui

Analyst, Wolfe Research LLC

Q

Okay, great. You also, I think, made a comment that social inflation drove several large energy losses in your wholesale business, that led to elevated insurance attritional loss ratio in the quarter. Was that more episodic? Or do you see these pressures persisting overall – having a longer lasting impact on your attritional loss ratios? I'm just trying to square some of your earlier comments about insurance casualty pricing ahead of loss trend.

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

Yes. So the – I want to separate. They're really two separate items. Social inflation is a persistent reality in the U.S. casualty market across both divisions. It's something we've spent a lot of time assessing, understanding. We underwrite against that reality, which is why we've reduced our casualty book in both divisions. That's separate from Mark's comment regarding energy losses in the fourth quarter, which were not casualty losses. Those are just – we just happen to have, as will happen in our industry, we just had a little spike of multiple, unrelated, mostly refining losses where you had large explosions at refineries. Thankfully, that seems to be one area of our business that doesn't have social inflation in it. So, two unrelated factors that happened to be mentioned in the same part of the script.

Tracy Benguigui

Analyst, Wolfe Research LLC

Q

Thank you.

Jim Williamson

President, Chief Executive Officer & Director, Everest Group Ltd.

A

You got it.

Operator: This concludes the question-and-answer session and the Everest Group Limited Fourth Quarter of 2025 Earnings Conference Call. Thank you for attending today's presentation. You may now disconnect.

Call ended

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