

Analyst Ben Jones
Website <https://benjonesinvestments.com/>
Email ben@benjonesinvestments.com
Date 31/07/2025

Ticker EG (NYSE)
Price USD 332.56
Sector Insurance, Financials
Website <https://investors.everestglobal.com>



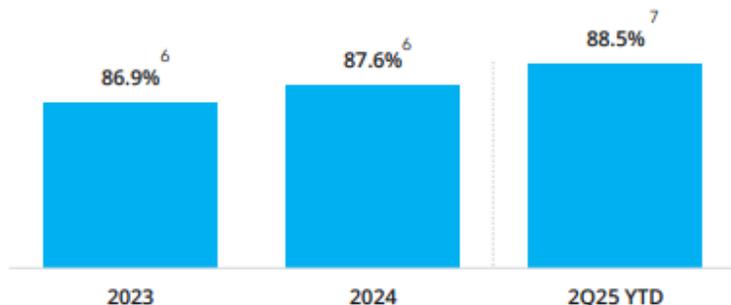
Everest Group is the 4th largest global property and casualty reinsurer, offering reinsurance and insurance to clients in over 100 countries. Gross written premium (GWP) in 2024 totaled \$18.0bn with 72% reinsurance and 28% insurance.

Q2 2025 earnings

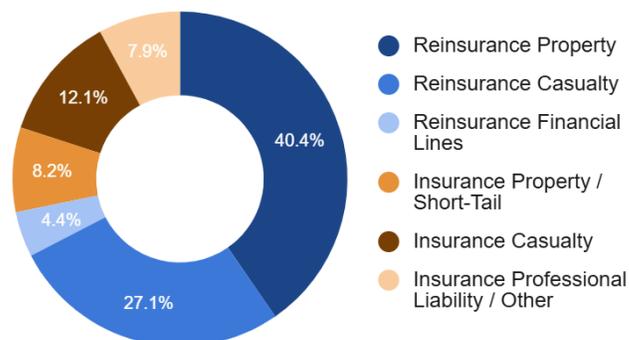
USD millions	Q2 2025	Q2 2024	% change
Gross written premium	4,680	4,725	-0.9%
Net premiums earned	3,991	3,693	8.1%
Investment income	532	528	0.8%
Revenue	4,491	4,227	6.2%
Underwriting income	385	358	7.5%
Net income	680	724	-6.1%
Comprehensive income	1,145	688	66.4%
EPS	16.10	16.70	-3.6%
Investments / loss expenses	1.36x	1.51x	-0.15x
Combined ratio	90.4%	90.3%	0.1%
Operating margin	18.1%	19.7%	-1.6%
Equity	15,019	13,875	8.2%
RoE (annualised)	18.2%	19.6%	-1.4%

Quarterly Results Trend

ATTRITIONAL COMBINED RATIO^{4,5}



Gross Written Premium 2024



Financial Highlights

- Underwriting income was up 7.5% to \$385m, driven mainly by a 8.1% increase in net premiums earned.
- Net income was \$680m, down 6.1% YoY, due to small realised losses on investments and a slightly higher tax rate for the quarter.
- Comprehensive income was up 66.4% at \$1,145m driven by large unrealised gains on investments of \$308m and favourable foreign currency translations of \$164m.

- Gross written premium (GWP) was down 0.7%, with reinsurance up 1.6% and insurance down 3.3%. Net written premium was up 0.8% overall.
- Combined ratio of 90.4% for the group, 85.6% for reinsurance and 102.0% for insurance. This is virtually unchanged from the 90.3% combined ratio in Q2 2024.
- Reinsurance growth was led by a 15.2% increase in Property Catastrophe XOL and a 8.5% increase in Property Pro-Rata, partially offset by a 14.9% decrease in Casualty Pro-Rata.
- Insurance grew by 39.7% in Other Specialty and 24.1% in Accident and Health. Growth was offset by decreases of 27.3% in Specialty Casualty and 7.2% in Workers' Compensation.
- Pre-tax underwriting income (loss) of \$385 million for the Group, \$436 million for Reinsurance, (\$18) million for Insurance, and (\$33) million for Other
- Cash and investment cover for loss expenses declined from 1.51x at Q2 2024 to 1.36x in Q2 2025. This was driven by a 25.6% increase in loss reserves from wildfire and hurricane cat losses in H2 last year. Loss reserves outpaced the 13.4% growth in investments.
- Net investment income was \$532m, up 0.8%, with cash and investments at \$44.3bn, up 13.4%.
- Annualized return on equity (ROE) was 18.2% vs 19.6% in Q2 2024.
- Capital returned to shareholders was \$284m, comprising share repurchases of \$200m and dividends of \$84m.

Operational Highlights

- Everest expect the 1-Renewal strategy to be complete by Q3 2025. The 1-Renewal strategy is designed to aggressively reduce insurance exposure to softer casualty business, in favour of other specialty lines. Everest has shed about \$800m of casualty business since the beginning of 2024.

Management Comments

- CEO Jim Williamson: “Our Reinsurance business continues to deliver outstanding results, further supported by favorable reserve development this quarter. In Insurance, the execution of our 1-Renewal Strategy is nearly complete, positioning our portfolio to generate improved results over time.
- Reinsurance risk-adjusted returns remain attractive, particularly in property and specialty lines.

Ben Jones Investments Outlook

- Everest's results were better than our expectations. Premiums earned grew better than anticipated and loss expenses were lower than expected. Policy acquisition costs and G&A costs were in-line with expectations resulting in margins and net income above forecast.
- Everest's balance sheet remains reasonably strong with cash and investments on hand to cover 1.36x unpaid claims. This is down from 1.51x at Q2 last year following H2 2024 catastrophe losses, and we're keeping a close eye on balance sheet strength. Including net reinsurance recoverable, investment coverage of losses is 1.47x.
- As a reinsurance firm, Everest's earnings will naturally be volatile depending on catastrophe events. We think it's best to take a long-term view of earnings and not be swayed by inevitable short-term volatility either way. The core focus should be ability to grow earned premium without compromising loss rates.
- Prior loss reserve adjustments have largely been on the back of higher than anticipated losses from long-tail casualty lines. We think it's prudent for Everest to cut back exposure here if rates are unattractive.
- Everest trades at around book value and we see virtually no value placed on future cash flows from underwriting operations, ability to increase premium growth over time, income on the investment portfolio, or from growth in the investment portfolio.