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PRESENTATION

Operator

Good day, everyone. Welcome to the Everest Re Group, Limited first-quarter 2011 earnings release call. Today's conference is being recorded.

At this time, for opening remarks and introductions, I would like to turn the conference over to Ms. Beth Farrell, Vice President, Investor Relations. Please go ahead.

Beth Farrell - *Everest Re Group, Ltd. - VP, IR*

Thank you, Miranda.

Good morning, and welcome to Everest Re Group's first-quarter 2011 earnings conference call. With me today are Joe Taranto, the Company's Chairman and Chief Executive Officer, and Dom Addesso, our Chief Financial Officer.

Before we begin, I will preface our comments by noting that our SEC filings include extensive disclosures with respect to forward-looking statements. In that regard, I note that statements made during today's call which are forward-looking in nature, such as statements about projections, estimates, expectations, and the like, are subject to various risks. As you know, actual results could differ materially from current projections or expectations. Our SEC filings have a full listing of the risks that investors should consider in connection with such statements.

Now let me turn the call over to Joe.

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

Thanks, Beth. Good morning.

The story for this quarter was the disasters that occurred in Japan, New Zealand, and Australia. Our thoughts go to the thousands that have suffered from these catastrophes. In addition to the human suffering, there has been billions of dollars of economic loss. Of course, Everest, as a property catastrophe writer, will participate in these losses. The magnitude of these losses certainly makes it very clear to our clients as to the value of the product that we sell. There is no question that there will be continued strong demand for the reinsurance industry's support.

The frequency and magnitude of these losses also makes it clear to reinsurers that this is a volatile and somewhat unpredictable business. Reinsurers need to have business terms that reflect and justify the risk. Computer models can help in shaping these terms, but there will always be outcomes not contemplated by the models. Reinsurers will need to have sizable capital positions to deal with the volatility and must make sure that they can handle multiple loss scenarios.

This dynamic leads me to the conclusion that reinsurance property catastrophe market will change, not just for the companies that have had losses, but on a worldwide basis. Reinsurance and insurance is the many paying for the few; not just those that have had losses. Further fueling change will be model changes, such as RMS, which increases estimated annual losses and needed prices. Our strong capital base, excellent ratings, and worldwide distribution continue to allow us to see business from all major ceding companies. My expectations are improved terms, probably more premium, and less PML.

Now Everest, of course, writes much more than property catastrophe business, and we are pleased that our other businesses performed well for the quarter. Our attritional underwriting profit and our investment income results were strong. Our insurance operation, Everest National, grew by 11.5% to $255 million. The growth was generated by our acquisition of Heartland, which generated $39 million of premium for the quarter. Our transition continues as we integrate Heartland into the Everest family, reduce our participation in our CV Starr casualty book, continue to push for rate increases in California worker comp and other casualty classes, while maintaining our high-quality book of D&O for financial institutions.

In the first quarter we increased California workman comp rates by 15.5%. We expect to continue to get double-digit rate increases for the remainder of the year in California comp. General casualty rate increases have been modest, but we continue to press. The combined ratio for all of Everest national was 102, which is much improved from 2010. I expect the trend to an underwriting profit to continue as we continue the transition currently underway.

Worldwide reinsurance increased by 2% to $810 million in the quarter. On our US casualty reinsurance book, we continue to stay only with core clients as we wait to see improvements in underlying insurance rates. For our US property book, we are now entering the renewal season for Florida business. As I mentioned, between model changes and catastrophe losses, I expect reinsurance terms and rates to firm. Our US specialty reinsurance book performed well for the quarter, led by profitable results in our accident and health division, specifically profit on our medical excess of loss book.

For international business, including Bermuda, premiums were level for 2010. In the quarter, we repurchased $37.6 million of shares. We will continue to maintain flexibility and not predetermine future purchases. Whereas we continue to have substantial excess capital, wind season, coupled with increased opportunities, will likely defer purchases for the next few months.

Now Dom will take you through the financials.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Thank you, Joe, and good morning.

As reported, net income per share in the first quarter was a loss of $5.81. Given that, my commentary this morning will begin with an outline of the catastrophe losses during the quarter which is -- which, as you know are driving the reported results. In total, these losses, pre-tax, amounted to $665 million.

By event, the breakdown is as follows. Japan, $400 million. New Zealand, $200 million. Australian flood at $55 million, and Cyclone Yasi at $10 million.

As with past events, we have used a combination of methods for estimating the exposure. Each of these methods uses an industry estimate as an overlay until such time as client reporting matures. These methods include modeled output for wind and quake only and underwriter estimates for market share data. The Australian flood and Cyclone Yasi events were based on client reports and underwriter estimates, whereas Japan and New Zealand are still heavily dependent on modeled output. Net of tax and reinstatement premiums, the cat losses for this quarter totaled approximately $531 million or $9.77 per share.

Turning to the balance of results for the quarter, excluding the cat losses, operating income for the quarter, net of tax and reinstatement premiums, was $207 million, which was up slightly over the prior year. This is comprised of a pre-tax gap underwriting profit for the quarter of $115 million, which translates to an 88.3% combined ratio and pre-tax investment income for the quarter of $179 million. The combined ratios for the quarter again, excluding cat events and reinstatement premiums, break down to 84 -- to 84.7% for the reinsurance segment and 102.8% for the insurance operations. The reinsurance operations were modestly better than last year.

There were some improvements noted in the specialty segment relating to the marine and A&H. Treaty property and Bermuda attritional results were slightly worse than last year, due to mix of business and higher loss picks due to softer pricing. Nevertheless, it is still a very favorable outcome.

The international segment had improvement, primarily due to rate increases in its markets. The insurance operations were worse than the results in last year's first quarter. However, it should be noted that by the end of last year it had risen to a higher combined ratio. Therefore, it is more appropriate to compare this quarter to last year's full-year results, 108.3 on an accident year basis. This year's first quarter of 102.8 reflects the significant and expected improvement as a result of the Heartland acquisition, our increased writings in short-tail property, California work comp rate increases, and continued favorable results for the D&O book of business.

Overall for the group, premium earned for the quarter was favorable at over 9% growth. Major drivers were reinstatement premium of $31 million in 2011 versus $17 million in 2010; the acquisition of Heartland, which accounted for $39 million of earned premium; rate increases in international, particularly areas recently exposed to cat losses; and finally, rate increases in California comp of approximately 15%. Areas under pressure for growth continue to be Bermuda and US Treaty Casualty from continuing soft market pressures as non-renewal of certain business continues. Overall, however, premium is up and exposure is down.

Other items of interest in the underwriting results include no prior-period development; in fact, a slight positive. Internal metrics on reserve adequacy are positive. Commissions and other underwriting expenses are generally in line with prior periods; slightly higher in commissions due to mix, and other expenses are higher, mainly due to timing.

Net investment income was up 10.7% to $178 million. This was due to income from limited partnerships, which were up over $20 million from last year to $36.6 million. On the other hand, income from fixed maturities is down to $133 million from $145 million one year ago. The biggest factor there is the sale of approximately $1 billion of municipal bonds, along with increased investment in equity securities. Consequently, you see income from equities up to $11.9 million from $2.5 million.

In addition, we continue to have a headwind of lower reinvestment rates. I should point out that of the $11.9 million of income for equities, approximately $6.3 million is from our emerging market debt portfolio, which is classified as equity because it is in mutual fund form. But the underlying investments are actually fixed income. You will note on the balance sheet that these are classified as equity securities as available for sale at market value.

Finally, in the investment space, we had net realized gains of $12 million for the quarter, comprised of $30 million of losses in fixed maturities and $42 million in gains -- of gains in equities. The fixed income numbers are mainly a result of downsizing our municipal bond portfolio, as mentioned previously. As of this date, we do not anticipate further significant reductions in that portfolio. Gains on equities are primarily a result of fair market value adjustments, rather than any material sales of equity securities.

Other items of interest were other expense -- essentially, foreign-exchange losses of $3.4 million and a net derivative gain of $7.5 million, due to the rise in equity markets. Other comprehensive income was $5.1 million, comprised principally of an unrealized loss of $24.5 million on securities carried at market value and a translation adjustment gain, due to net assets invested in foreign currencies of $28.8 million. Cash flow from operations remained strong at $188 million for the quarter, and finally, book value ended the quarter at $5.9 billion, or $109.07 per share. This was down from year-end, primarily as a result of the net loss for the quarter, plus dividends paid. There was also $38 million of share repurchases during the quarter, which, of course, was a slight positive to the per-share value but does reduce nominal equity. Our ratings by two of the major rating agencies were just recently affirmed, and despite the decline in capital, we remain very well-capitalized for growth as opportunities arise.

With that, I will turn it back to Beth for Q&A.

Beth Farrell - *Everest Re Group, Ltd. - VP, IR*

Miranda, we would like to open up the floor for questions.now.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions).

We will go first to Matthew Heimermann with JPMorgan.

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

That was quicker than I thought. Good morning, everybody.

A couple of questions. Just -- Dom, you touched a little bit on the underlying loss ratios. Could you give a little bit more detail, I guess, on the reinsurance segment? Because I am trying to put it into context, relative to kind of how you ran at the back half of the year. So the mix comment you made makes sense, relative thinking about how this year could run versus full-year last year, but I was little surprised by the, I guess, by the pace.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Well, first of all, let me point out that there has been no change in our methodology for establishing our pick loss ratios. And just to remind everyone, it is a combination of looking at our most recent reserve study, looking at our underwriter estimates, meaning what they actually estimate per contract, what they price each contract at, and then of course, we sum that up within our systems, and then finally, looking at our plan numbers. And what I can say is that, in most -- in all major lines, we have not -- we do not have a loss pick for the current period, which is lower than any of the underwriter -- in fact, they are all higher than what the underwriter estimated on a by-account basis. So it's still very conservative from a loss pick point of view.

So, you've got that issue, which leads to the conclusion that -- or the fact that it is primarily a result of mix of business. We also, too, should point out that a lot of the change in the year-over-year picks is coming out of our Latin America operation, which is not only -- only again due to mix, but also the fact that they have had strong rate increases over the past 12 months. So I think that kind of explains kind of the running rate on the pick loss ratio last year versus what we see going into the first quarter this year.

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

Okay.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Does that answer your question, Matt?

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

Yes, it does.

And then, is it a fair assumption to make in insurance that actually the crop insurance loss ratio is higher than the reported attritional loss ratio? In other words --

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Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

I think most of the expenses for the crop business were actually booked as a loss ratio, if you well. So it does heighten the loss ratio that is coming from Heartland.

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

Okay. I just wanted to make sure.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

But that's still a combined ratio.

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

Yes, absolutely.

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

Yes, a combined ratio, but you are right. It does drive up the overall loss ratio.

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

Well, I just wanted -- because that was what I'm asking to some extent, then, the extent to which that -- the loss ratio piece, if I had normalized for the increase in pick, class in the -- in 4Q actually improved?

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Is it a question or statement?

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

No. No. That was, I guess, a statement. But as long you don't disagree, we'll let it fly there.

The other question I had is, just on how tactical you are thinking about using your PML this year? You know, if recollection is correct, you have got a decent size quota share portfolio in Florida. Obviously, you are one of the major retro writers, or viewed as one of the leading markets there. And then we obviously have traditional XOL opportunities that you're looking at. So I guess, are you thinking about reallocating, I guess, between those product opportunities, how you're using PML this renewal season, and what would drive those changes if you actually made them?

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

Well, you know, I think you heard how we are viewing the market generally, going forward, which is, it is in need of change. Certainly, driven by the recent loss activity and how we see that change as being needed in an across-the-board fashion, affecting companies in areas not just that have been hit by losses, but even those that haven't, which certainly would include Florida.

So any contracts that come up, be it retro, Florida, XOL, US, or otherwise, we clearly are going to look for improvements. And if we get the expected improvements, then we will allocate as much PML to those areas, if not more. But if we don't get the expected improvements, then we will be allocating less PML to those areas. And a lot of these comparisons, Matt, will come down to ROE and then just where things are going.

Florida, you know, is coming up in about a month. Discussions are really just beginning. There really isn't anything of substance to report at this stage. It will really take another month for all of that to sort itself out, and we will see where the collective market goes. We have been a big writer there. I would imagine we would continue to be.

The split between quota share and XOL will, in part, depend on where XOL rates go. It will also, in part, depend on where underlying Florida insurance rates will go. Retro business, most of that won't renew until January. I do expect retro rates will be going up. We had a few, I guess in April, and those were selectively going for some good increased rates over what they had gone at the year prior. I suspect there will be some shortage of retro capacity at 1/1. And again, to the degree that we do less in some underlying area, that gives us the ability to do more on the retro side.

So, to be determined is the answer. It depends on the change and the terms and the conditions in all of those areas as they present themselves, and Florida will know in a month or so. Retro, we won't know completely for another six to eight months. And July also brings a lot of international business up for renewal, so that will also be a very, very important date.

But it's a good question, and the answer is, PML is precious to us, and we intend to go where the best terms offer themselves.

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

That's fair. Do you think it is a stretch, when we think about Florida, that you might actually have more PML to put towards retro and XL writing, just because they might not actually buy -- be able to -- they might not actually be able to afford to buy more in absolute premium dollars? So in other words, they will pay the same for less?

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

You know, that is not a stretch. That could come to pass. Again, we will know better, at least in the Florida situation, in a little over a month.

We may end up with less PML in Florida. I don't really think we'll end up with more PML in Florida. I wouldn't mind ending up with better terms and less PML in Florida. And to the degree we do less, it certainly does mean that when it comes to retro in January, we can, if we choose, do more -- again, if rates and terms present themselves to our liking.

To be determined, Matt. We will see how it all shakes out.

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

Okay. Much appreciated. Thanks.

Operator

We will go next to Brian Meredith with UBS.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Good morning, Brian.

Josh Shanker - *Deutsche Bank - Analyst*

Hello?

Operator

I apologize. We will take Josh Shanker with Deutsche Bank.

Josh Shanker - *Deutsche Bank - Analyst*

Good morning, everyone.

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

Good morning, Josh.

Josh Shanker - *Deutsche Bank - Analyst*

In terms of thinking about where the market stands right now, which is more adequately priced, the US-based reinsurance for cat, or international?

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

You know, that is kind of an impossible question to answer. I mean, I think a lot of people might look at Chile, with its 50% rate increases, and say that's looking pretty good. And some people may look at Japan, with its 30% and 40% recent rate increases. And some people may look to Australia and their expectations of what is coming in July and say, we think that is going to look pretty good. And now you'd have to compare that to Florida, which historically, I think, in the last few years, has looked better, although we have new RMS models that maybe say -- maybe it looked better, but it wasn't as good as perhaps perceived. We have earthquake business in California in the US that I think was a little thinner than the Florida rates, although recently, I have seen some uptick in the last month in quake rates for California.

So, I will tell you, a lot of it depends. Beauty is in the eyes of the beholder. It depends on the model that you are using. It depends on the country that you are talking about. And so I think it is difficult to be that simplistic about the US versus international.

Josh Shanker - *Deutsche Bank - Analyst*

When you mentioned that you saw some rates increasing in California, are there significant increases? They don't seem to have the losses --

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Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

No, that was still one contract. It wasn't much of a data point, but it was a 25% rate increase on a reinsurance deal for pure quake. Again, it is only one data point. We will see what happens in that market.

Josh Shanker - *Deutsche Bank - Analyst*

Good night. Well, thank you very much.

Operator

And we will go next to Brian Meredith with UBS.

Brian Meredith - *UBS - Analyst*

Thanks. Can you hear me?

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

Yes.

Brian Meredith - *UBS - Analyst*

All right, good.

Th first question is, can you -- Joe, can you give us a sense of what RMS 11 is going to mean for your PMLs?

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

We chatted about that. I am going to actually throw it over to Dom and let Dom answer that one.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

We are primarily -- we are an AIR shop, but of course, we do get accounts that are presented to us on the basis of RMS. And when that occurs and we do write those covers, then certainly, we are using the RMS PMLs in our accumulations. We don't anticipate that -- in our peak zones that it will have much of an impact. AIR did most of their revisions -- or their revisions to their models last year, so that is where the largest impact to our PMLs would come from.

Nevertheless, certainly we have a view that it will have some impact on buying behavior, ultimately. Whether that evidences itself at June 1 or not, or later in the year, we will see.

Brian Meredith - *UBS - Analyst*

That brings another interesting question, Joe. Maybe you can answer this.

When we think about the business out there, I mean there are certain reinsurers, I guess, that use AIR and certain that -- RMS 11. Are there fairly large differences between the two, and will that create some challenges in actually getting renewals done?

Dom Addesso - *Everest Re Group, Ltd. - CFO*

There are always differences between models, and it depends on which territory that you are looking at. And one of the things you have to be very, very careful and mindful of is, you cannot become so model-dependent that you are losing sight of underwriting judgment, other metrics that you should be using, client relationships, your total PML in a particular area. So those are all factors.

And certainly, one company versus another might have a more favorable view of one's own versus another, but that could be because of model differentials. It could be because of underwriting judgment. It could be because of other metrics. It could be because of how full their buckets are relative to those particular zones. So all of those things are factor.

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

Yes. Bottom line, it has always been the case, maybe a little bit more extreme with some of these recent changes, but some people look at both. You have to infuse a little common sense. We don't look at either as if it's the gospel. The science has only come so far. I think that is why you get different answers on different models. But, you know, we work it out with the client.

Brian Meredith - *UBS - Analyst*

Got you.

And then, last question. Joe, can you talk a little bit about casualty pricing, what you see happening out there? And also on your subject premium base, you know, what is happening with respect to casualty pricing? We are hearing that there is some stability from some carriers out there.

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

Yes, I think there is a little bit more stability, some of that probably triggered by what has happened on the property side and an increased desire for the companies and the underwriters to hold the line. I don't see many areas where rates are going up, with maybe the exception of California comp, where we reported what increases we have been getting. But most general casualty lines -- certainly in the US, it's been flat. That's been looked at a victory, that it's not going down. I don't regard it as a victory. I think rates need to go up, and I'm not forecasting that to happen any time soon, although I certainly hope that it does.

Our reinsurance book, as I mentioned, we are down to core clients, and it has been a shrinking book for three or four years now, and frankly, it continues to shrink. On the insurance side for us, you know, one of the bigger casualty components was CV Starr, and that is declining, a big decline from last year, it's a planned decline. And again, that's in response to the market, to some degree. We don't see the umbrella in an excess of loss market being what it needs to be.

So I really don't have bullish statements to give you on the casualty side. I think we need to see rates start to go up in a meaningful way, but I don't know when and if that will happen.

Brian Meredith - *UBS - Analyst*

Okay.

And one other quick one. Property retro -- are you seeing any increase in demand, or do expect any increase in demand going into the wind season, and would you all be opportunistic and ready to do any of that business?

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

We will take a look at anything someone would like us to take a look at. We did see a couple of one-offs after Japan, with some people worried that they had exhausted what protection they had. And, indeed, at first, I think they were looking for last year's rates, and then they started to realize that those don't exist anymore. The price of oil has gone up.

We may see some of that going into wind season. Certainly, we will take a look at it if they'd like us to.

Brian Meredith - *UBS - Analyst*

Great. Thanks.

Operator

We will go next to Steve Labbe with Langen McAlenney.

Steve Labbe - *Langen McAlenney - Analyst*

Good morning.

I was hoping if you could quantify the approximate size of what your Florida quota share book, your aggregate property cat XOL book, and retro book are today.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Modified in terms of premium? Or --

Steve Labbe - *Langen McAlenney - Analyst*

Yes, sir.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Well, our total cat book is around $800 million of premium. Give me a second here.

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

That is --

Dom Addesso - *Everest Re Group, Ltd. - CFO*

That's everything.

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

That's premium collected for cat, for the cat exposure. Some contracts we have to dissect what is the cat exposure, but that is on a worldwide basis, about $800 million.

Steve Labbe - *Langen McAlenney - Analyst*

Okay. Great.

And can you discuss some of the sensitivities of your loss estimates for Japan and New Zealand? Maybe give some of the factors that would contribute to have it -- to you having to increase the estimates?

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Sure.

Well, I mean, on Japan, we are currently reserved at the $25 billion industry loss estimate, which is essentially the midpoint of the AIR model. AIR is currently the most conservative of the three main models, and we feel, at this point, it's more appropriate to think about the potential loss at various industry levels. So for example, if the industry loss goes from $25 billion to $30 billion, our loss on an after-tax basis would, let's say, increase by approximately $50 million. If it went to $35 billion, a similar amount. Beyond that, it becomes really quite speculative, and we're thinking about the loss in terms of anything above that. And we think it is somewhat unrealistic.

But nevertheless, as you begin to move up, the loss would then flatten out as it moves higher, because limits do get exhausted. On the other hand, the $25 billion, again, is a conservative number. Similarly, it could go down. If the industry loss went down by $5 billion, we would probably see a similar amount, on the downside of $50 million on an after-tax basis. So these losses, near as we can tell from the industry, and certainly, our experience has been that there hasn't been much in the way of client reports. We did hear one this morning from the client side that would suggest that this $25 billion industry number is conservative, so we are quite hopeful that it will hold.

Does that give you some context, Steve?

Steve Labbe - *Langen McAlenney - Analyst*

That's great. Thank you.

And New Zealand?

Dom Addesso - *Everest Re Group, Ltd. - CFO*

New Zealand, we are -- we actually went to the high end on that number. We are closer to the $12 billion industry number there. We have modeled output as well as client reports, but we are leaning -- our number reflects something very, very close to the $12 billion industry event. So to the extent that it comes in off of that, we will see savings.

Steve Labbe - *Langen McAlenney - Analyst*

Great. Thanks for the answers.

Operator

We'll go next to Greg Locraft with Morgan Stanley.

Greg Locraft - *Morgan Stanley - Analyst*

Thanks.

I wanted to just -- I don't know, Dom, if you have -- in the past, you have supplied us with sort of your thoughts on excess capital, in terms of the dollar amounts. Any updated view?

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Sure. I don't know that it's much of an update, but we certainly talk about that, at a recall, more than likely.

We still view ourselves as having an excess capital base. Our rating agencies appear to have a very similar view. As I mentioned, our ratings were affirmed. Having said all that, we seek to maintain a level of capital well in excess of that required by the rating agencies. Our current view is that we have a sufficient amount of excess capital available for market opportunities, the sum of which we talked about earlier, which appear to be better than they have -- better today than they have in some time. At least that is the forecast, but we'll see.

Therefore, in the short term, as Joe mentioned in his script talk, we will in the short term defer our repurchase program until such time we see if the market opportunities do emerge. And then in the meantime, it permits us to preserve our capital for upcoming wind season and then eventual resumption of share repurchases.

Does that help you at all?

Greg Locraft - *Morgan Stanley - Analyst*

Actually, you know, I was -- I didn't know if you in your prepared remarks said it, but is there -- in the past, I think you've talked about a dollar amount of what you see as excess. Do you have that updated figure?

Dom Addesso - *Everest Re Group, Ltd. - CFO*

And we tended to view our excess capital in dollar terms of approximately $500 million.

Greg Locraft - *Morgan Stanley - Analyst*

$500 million. Perfect, thanks.

The other is, I just wanted to think about the PML impact of higher pricing into your results. So take the $800 million cat book that you talked about earlier, just say rates are up 10, or we can say five, just pick a number, and it can be my number, not yours. How do I think about modeling that particular book going forward, from an income statement perspective?

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

Well, I guess -- I will wade in here, Dom.

I guess what I would say is, in terms of the math on the premium, and that is pretty simple to do, I would like to think that we could accomplish increases of that nature without PMLs or exposures going up. In fact, maybe even going down a bit. So, you know, all of the extra premium, if you will, under that scenario would just flow into earnings. And if there was some diminishment in expected losses, keeping in mind expected losses, not actual losses, that's a different story -- then that might further add to growth in future profits.

Greg Locraft - *Morgan Stanley - Analyst*

Okay. That's very helpful. So it all flows through, and there wouldn't be a reason why you'd take your picks higher, necessarily, in that -- well, it really depends on the business brought in, and the terms.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Well, yes. It depends on the mix, it depends on the modeled output, it depends on the underwriter estimate of particular accounts. But generally, we would not expect any dramatic movement in our expected loss ratio on cat business.

Greg Locraft - *Morgan Stanley - Analyst*

Excellent. Okay, great.

And then the last one is, you actually, in response to an earlier question, you mentioned -- and I wanted to make sure I heard correctly, because it was definitely a data point that was impressive. California quake, you did a deal, up 25 on pricing? Was that the --

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

No, we saw a deal. The deal was not consummated, but that was the pricing that was being put forth, not by -- frankly, by other reinsurers. And yes, it was up from a year earlier (inaudible).

One deal. I don't -- Greg, I wouldn't -- as I said, it was one data point, and I wouldn't suggest -- I don't want you to overreact to one deal. But yes, I think there is and there should be a reaction around the world in light of what has happened in the last 18 months. Four of the most expensive earthquakes in the last 30 years in the last year and a half seems like it deserves a reaction to me, and I think some reinsurers, including us, will be reacting to it.

Greg Locraft - *Morgan Stanley - Analyst*

Okay. I would love more data points, if you care to comment, but --

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Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

That's all I have for you right now. I told you I had a little bit on retro. You are going to have to wait on Florida. You are going to have to wait on retro. (inaudible) but that's the way it works.

Greg Locraft - *Morgan Stanley - Analyst*

I got it. I got it.

Out of curiosity, on that up 25 that you are mentioning, why was that deal not consummated, and then could you perhaps give us a little look as to how the terms and conditions moved underneath that up 25 rate?

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

No. I really don't want to get into it, because it is one specific account, and I think that's -- we have a policy that we don't really want to comment on one deal.

Greg Locraft - *Morgan Stanley - Analyst*

Okay. Okay. Great. Thanks a lot for taking the questions, guys.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Thank you.

Operator

We will take a follow-up from Matthew Heimermann with JPMorgan.

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

Hi. The question I had was just, is -- the only leverage ratio that I think is out of whack because of the cat losses is really the reserve to surplus ratio. So I was just curious if you had a sense of what kind of the net cat impact is at this point. Obviously, I don't think you've paid out -- anything out for the 1Q events, but I'm not sure kind of how the events of last year look on -- look, you know, what is left from last year.

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

Are you looking for cat payments in the first quarter? Is that what you are looking for?

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

Well, actually, I was kind of looking for what the outstanding reserve balances on the cat events of '09 -- '10 and '11.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Matt, the one number that I have in my memory bank would be on Chile. I believe we've paid out approximately 80% of the Chile losses, the Latin American contracts. So that's not 80% of the full 400 that we had up last year, but it is going to be close. It would seem -- I think it would probably be close to 60% of that number, but I don't have an exact number on that.

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

Okay.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

I'm just giving you some ranges. But the contracts that we had with accounts in Chile, we have paid about 80% of those losses already. And that -- certainly the -- some of the contracts we write out of London and other parts of the organization would take longer to pay out, as they are further up the food chain. But that would give you some sense of that. And you can really see that --

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Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

Okay, and then New Zealand --

Dom Addesso - *Everest Re Group, Ltd. - CFO*

You can really see it in the cash flow, and look at our -- obviously, look at our paid loss number, which generally is pretty consistent, ex-cat events. And so, first quarter numbers are blipped up, and that, of course, is reflected in the cash flow from operations.

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

Okay. So I can either back into it that way, or do have the -- a similar stat in terms of percentage paid on New Zealand one?

Dom Addesso - *Everest Re Group, Ltd. - CFO*

I don't have that right here.

Matthew Carletti - *JMP Securities - Analyst*

Okay. That's fine. You are basically saying if I go back to paid losses for kind of 1Q of last year, and annualize it, and then I take the (inaudible) between what has been realized over the subsequent four quarters, I'm going to get pretty close; right?

Dom Addesso - *Everest Re Group, Ltd. - CFO*

I think so, Matt. I mean, I would have to look at that myself to really see if that is going to work for you in terms of what you're trying to do. But I can't do that right now.

Matthew Heimermann - *JPMorgan Chase & Co. - Analyst*

Okay. No, that's fair. This is helpful. Thank you.

Operator

We will go next to Ian Gutterman with Adage Capital.

Ian Gutterman - *Adage Capital Management - Analyst*

Hi, guys. I have two follow-ups from earlier.

First, Dom, I think you said $31 million of reinstatement. Can you tell me what segments that was in? Was it mostly international? Was there some in the other segments as well?

Dom Addesso - *Everest Re Group, Ltd. - CFO*

No.

Beth Farrell - *Everest Re Group, Ltd. - VP, IR*

It was a combination.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

It was split in a number of areas. And it is not really material in any one particular segment. Let me see if we can --

US reinsurance, $16 million; international, $9 million; Bermuda, $5 million.

Ian Gutterman - *Adage Capital Management - Analyst*

Got it. Great.

And were there any other large cat like losses in the quarter from the individual risk events, like Griffin and Canadian Oil Sands and things like that?

Dom Addesso - *Everest Re Group, Ltd. - CFO*

We will have some exposure to Griffin. That's contained, and it's not that material to us, and that's contained within our expected loss picks.

Ian Gutterman - *Adage Capital Management - Analyst*

It is. Perfect. Okay, good.

Just to follow up on a couple of the questions from earlier. I guess on Florida -- your quota share clients, obviously, you are going to be getting price increases, aside from -- of the recent activity, just from the dynamic in the state to approve some primary increases that would flow through to you. Do you think you can get more rate on top of that? And if so, how does that show up? Is that just going to be getting better ceding commission terms, or is it something else?

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

Well, you are right that the state has been allowing recently some rate increases which have been flowing through. And we do believe the new regime and the new governor will continue to support continued rate increase, which is beneficial to the companies and the market overall.

In terms of what we do with our deals in any of the particulars, really, that is to be determined. As I said, we are really just starting our discussions with our clients. We will factor into our assessment insurance rates and forecasts for the next year. But it's far too early to comment on any particular changes.

Ian Gutterman - *Adage Capital Management - Analyst*

Is your sense that most of your clients in Florida -- the Florida-only companies would be using RMS, because that's what's approved by the state?

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

I think a lot of them do use RMS. But the sense that I'm getting is the state is not having them move to the latest version of RMS for this renewal season. And so, I guess that, in terms of the amount of buying they have to do, it'll -- might be more influenced by the older model now. The flip side of it is people assessing that, and especially reinsurers, if they are using RMS, you would think they would be using the newer model. But there is a lot going on. But that is the dynamic. I think a lot of them do use RMS, but the department will allow them to use the old version for what they need to do to comply with the compartment -- department rules.

Ian Gutterman - *Adage Capital Management - Analyst*

Okay. Because I guess what I was thinking about is, to the extent that you're using AIR and your clients are using RMS eventually will have to adopt Version 11, and my guess -- I don't know specifically your clients, but I see a lot of those Florida-only companies moved away from the coast and moved inland because that looked more attractive. Now that starts to look worse to them, but to you guys, it doesn't look worse, as your quarter share reinsurer. There is this strange conflict of -- do you adapt what your client says that they think they now have more risk, and you say, well, we don't really think you have more risk. How does that -- it just seems like it could be a confusing conversation.

Joe Taranto - *Everest Re Group, Ltd. - Chairman & CEO*

You are right. There's going to be a lot of interesting debates precipitated by all of these changes. You're absolutely right.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

And also keep in mind that, again, how we look at the business from a pricing point of view, from a risk point of view, is not solely dependent on the models. And even though there are differences on the surface between AIR and RMS, some of it also depends on the kinds of -- how we parameterize the model. So what inputs we use into a AIR have some influence on how we view pricing and risk.

Ian Gutterman - *Adage Capital Management - Analyst*

Okay. Great.

And then my last one is, on Japan, the $400 million, can you give me even a ballpark of how much CBI component is inn there and how concerned I should be, if the fears of CBI getting worse. I have seen stuff of tens of billions of CBI losses. If it ends up being a bigger deal, how exposed are you to that, both on the reinsurance and on the retro side?

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Some of this, of course, is dependent upon what the modeling firms have built into their numbers. And it's my understanding that there really isn't much BI built into those numbers.

Ian Gutterman - *Adage Capital Management - Analyst*

Right.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

And our BI exposure perhaps could come from other than Japanese clients, but we certainly think that that's contained within the expected loss numbers.

Ian Gutterman - *Adage Capital Management - Analyst*

Okay. Would that be more of a risk on the retro side, because those would be non-Japanese clients, probably? And maybe I just have less visibility into their exposures?

Dom Addesso - *Everest Re Group, Ltd. - CFO*

We don't think so.

Ian Gutterman - *Adage Capital Management - Analyst*

Okay. Fair enough. Great. Thank you, guys.

Beth Farrell - *Everest Re Group, Ltd. - VP, IR*

Miranda, I believe that concludes our conference.

Operator

Certainly. Thank you, ladies and gentlemen. That does conclude today's conference call. We would like to thank you all for your participation.

Dom Addesso - *Everest Re Group, Ltd. - CFO*

Thank you.

Beth Farrell - *Everest Re Group, Ltd. - VP, IR*

Thank you.