

EVEREST REINSURANCE HOLDINGS INC
Form 10-Q
May 15, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED: Commission file number:
March 31, 2018 1-14527

EVEREST REINSURANCE HOLDINGS, INC.
(Exact name of registrant as specified in its charter)
Delaware 22-3263609
(State or other jurisdiction of
incorporation or organization) (I.R.S. Employer
Identification No.)

477 Martinsville Road
Post Office Box 830
Liberty Corner, New Jersey 07938-0830
(908) 604-3000

(Address, including zip code, and telephone number, including area code,
of registrant's principal executive office)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES X NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer X Smaller reporting company
(Do not check if smaller
reporting company) Emerging growth company

Indicate by check mark if the registrant is an emerging growth company and has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange act.

YES NOX

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NOX

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Number of Shares Outstanding</u> <u>At May 1, 2018</u>
Common Shares, \$0.01 par value	1,000

The Registrant meets the conditions set forth in General Instruction H (1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format permitted by General Instruction H of Form 10-Q.

EVEREST REINSURANCE HOLDINGS, INC.

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EVEREST REINSURANCE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par value per share)	March 31, 2018 (unaudited)	December 31, 2017
ASSETS:		
Fixed maturities - available for sale, at market value (amortized cost: 2018, \$4,928,909; 2017, \$4,927,622)	\$4,907,818	\$4,971,921
Fixed maturities - available for sale, at fair value	1,821	-
Equity securities - available for sale, at fair value	887,435	822,375
Short-term investments	186,605	241,506
Other invested assets (cost: 2018, \$865,412; 2017, \$835,597)	865,412	838,694
Other invested assets, at fair value	1,770,684	1,807,473
Cash	384,410	229,552
Total investments and cash	9,004,185	8,911,521
Note receivable - affiliated	250,000	250,000
Accrued investment income	38,458	35,376
Premiums receivable	1,283,896	1,301,827
Reinsurance receivables - unaffiliated	1,141,448	1,180,648
Reinsurance receivables - affiliated	4,796,997	4,940,039
Income taxes	48,917	87,110
Funds held by reinsureds	76,255	210,939
Deferred acquisition costs	307,161	307,741
Prepaid reinsurance premiums	312,780	346,708
Other assets	293,533	316,603
TOTAL ASSETS	\$17,553,630	\$17,888,512
LIABILITIES:		
Reserve for losses and loss adjustment expenses	\$9,145,821	\$9,343,028
Unearned premium reserve	1,611,403	1,607,622
Funds held under reinsurance treaties	42,105	40,536
Commission reserves	13,757	21,464
Other net payable to reinsurers	352,198	491,299
4.868% Senior notes due 6/1/2044	396,864	396,834
6.6% Long term notes due 5/1/2067	236,585	236,561
Accrued interest on debt and borrowings	7,668	2,727
Unsettled securities payable	32,263	25,338
Other liabilities	365,551	310,380
Total liabilities	12,204,215	12,475,789
Commitments and Contingencies (Note 7)		
STOCKHOLDER'S EQUITY:		
Common stock, par value: \$0.01; 3,000 shares authorized; 1,000 shares issued and outstanding (2018 and 2017)	-	-
Additional paid-in capital	387,889	387,841
Accumulated other comprehensive income (loss), net of deferred income tax expense (benefit) of (\$14,553) at 2018 and (\$299) at 2017	(54,573)	(942)

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Retained earnings	5,016,099	5,025,824
Total stockholder's equity	5,349,415	5,412,723
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$17,553,630	\$17,888,512

The accompanying notes are an integral part of the consolidated financial statements.

EVEREST REINSURANCE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)

(Dollars in thousands)	Three Months Ended	
	2018	2017
	March 31,	
	(unaudited)	
REVENUES:		
Premiums earned	\$1,116,010	\$471,055
Net investment income	69,909	60,849
Net realized capital gains (losses):		
Other-than-temporary impairments on fixed maturity securities	(35)	(1,132)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	-	-
Realized gain(loss) on sale of subsidiary	-	-
Other net realized capital gains (losses)	(60,166)	118,900
Total net realized capital gains (losses)	(60,201)	117,768
Other income (expense)	(74,877)	9,855
Total revenues	1,050,841	659,527
CLAIMS AND EXPENSES:		
Incurred losses and loss adjustment expenses	713,255	289,722
Commission, brokerage, taxes and fees	256,457	52,507
Other underwriting expenses	77,351	59,895
Corporate expenses	3,596	3,597
Interest, fee and bond issue cost amortization expense	7,313	8,859