EVEREST RE GROUP LTD
Form DEF 14A
April 12, 2007

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934, as amended (Amendment No. __)

Filed by the Registrant /X/
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Check the appropriate box:
/ / Preliminary Proxy Statement
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/X/ Definitive Proxy Statement
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Everest Re Group, Ltd.

(Name of Registrant as Specified In Its Charter)

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EVEREST RE GROUP, LTD.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 23, 2007

TO THE SHAREHOLDERS OF EVEREST RE GROUP, LTD.:

The Annual General Meeting of Shareholders of Everest Re Group, Ltd. (the "Company"), a Bermuda company, will be held at Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda on May 23, 2007 at 1:00 p.m., local time, for the following purposes:

1. To elect two Class II directors of the Company, each to serve for a three-year period to expire at the 2010 Annual General Meeting of Shareholders or until such director's successor shall have been duly elected or appointed or until such director's office is otherwise vacated.

2. To appoint PricewaterhouseCoopers LLP as the Company's independent, registered public accounting firm to act as the Company's auditor for the year ending December 31, 2007 and authorize the Company's Board of Directors, acting through its Audit Committee, to set the fees for the independent, registered public accounting firm acting as the Company's auditor.

3. To consider and act upon such other business, if any, as may properly come before the meeting and any and all adjournments thereof.

The Company's financial statements for the year ended December 31, 2006, together with the report of the Company's independent, registered public accounting firm in respect of those financial statements, as approved by the Company's Board of Directors, will be presented at this Annual General Meeting.

Only shareholders of record identified in the Company's Register of Members at the close of business on March 27, 2007 are entitled to notice of and vote at, the Annual General Meeting.

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting in person, you are urged to sign and date the enclosed proxy and return it promptly in the postage prepaid envelope provided.

By Order of the Board of Directors
Sanjoy Mukherjee, Secretary

April 13, 2007
Hamilton, Bermuda

EVEREST RE GROUP, LTD.

PROXY STATEMENT

ANNUAL GENERAL MEETING OF SHAREHOLDERS

May 23, 2007

The enclosed Proxy Card is being solicited on behalf of the Board of Directors (the "Board") for use at the 2007 Annual General Meeting of Shareholders of Everest Re Group, Ltd., a Bermuda company (the "Company"), to be held on May 23, 2007, and at any adjournment thereof. It may be revoked at any time before it is exercised by giving a later-dated proxy, notifying the Secretary of the Company in writing at the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, or by voting in person at the Annual General Meeting. All shares represented at the meeting by properly executed proxies will be voted as specified and, unless otherwise specified, will be voted: (1) for the election of Kenneth J. Duffy and Joseph V. Taranto as Class II directors of the Company; and (2) for the appointment of PricewaterhouseCoopers LLP as the Company's independent, registered public accounting firm to act as the Company's auditor for 2007 and for authorizing the Company's Board of Directors acting through its Audit Committee to set the fees for the independent, registered public accounting firm serving as the Company's auditor.

Only shareholders of record at the close of business on March 27, 2007 will be entitled to vote at the meeting. On that date, 65,067,305 Common Shares, par value $.01 per share ("Common Shares"), were outstanding and entitled to vote. This includes 1,900,000 Common Shares held by Everest Reinsurance Holdings, Inc. ("Everest Holdings") a subsidiary of the Company. Except as may be provided in the Company's Bye-Laws, each Common Share is entitled to one vote.

The election of each nominee for director and the approval of all other matters to be voted upon at the Annual General Meeting require the affirmative vote of a majority of the votes cast at the Annual General Meeting, provided there is a quorum consisting of not less than two persons present in person or by proxy holding in excess of 50% of the issued and outstanding Common Shares entitled to attend and vote at the Annual General Meeting. The Company has appointed inspectors of election to count votes cast in person or by proxy. Common Shares owned by shareholders who are present in person or by proxy at the Annual General Meeting but who elect to abstain from voting will be counted towards the presence of a quorum. However, such Common Shares and Common Shares owned by shareholders and not voted in person or by proxy at the Annual General Meeting (including "broker non-votes") will not be counted towards the majority needed to elect a director or approve any other matter before the shareholders and, thus, will have no effect on the outcome of those votes.

This Proxy Statement, the attached Notice of Annual General Meeting, the Annual Report of the Company for the year ended December 31, 2006 (including financial statements) and the enclosed Proxy Card are first being mailed to the Company's shareholders on or about April 13, 2007.

On February 24, 2000, the Company became the holding company for Everest Holdings and its subsidiaries in connection with a restructuring. As a result, all references in this document to the Company prior to February 24, 2000 refer to Everest Holdings.

All references in this document to "$" or "dollars" are references to the currency of the United States of America.

The Company knows of no specific matter to be brought before the Annual General Meeting that is not referred to in the attached Notice of Annual General Meeting of Shareholders and this Proxy Statement. If any such matter comes before the meeting, including any shareholder proposal properly made, the proxy holders will vote proxies in

accordance with their best judgment with respect to such matters. To be properly made, a shareholder proposal must comply with the Company's Bye-Laws and, in order for any matter to come before the meeting, it must relate to matters referred to in the attached Notice of Annual General Meeting.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

The Board of Directors recommends that you vote FOR the director nominees described below. Proxies will be so voted unless shareholders specify otherwise in their proxies.

The Company's Bye-Laws provide for the division of the Board into three classes, with the directors in each class serving for a term of three years. At the 2007 Annual General Meeting, two nominees for Class II director positions are to be elected to serve until the 2010 Annual General Meeting of Shareholders or until their qualified successors are elected or until such director's office is otherwise vacated. At its regularly scheduled meeting on February 21, 2007, the Nominating and Governance Committee recommended to the Board the nominations of Mr. Kenneth J. Duffy and Mr. Joseph V. Taranto as Class II directors. Mr. Duffy and Mr. Taranto are currently Class II directors of the Company. The Class III director positions will be subject to election at the 2008 Annual General Meeting and the Class I directors will be subject to election at the 2009 Annual General Meeting.

On February 21, 2007, the Board accepted the Nominating and Governance Committee recommendations, and all nominees have accepted their nominations for the Class II director positions. It is not expected that any of the nominees will become unavailable for election as a director, but if any nominee should become unavailable prior to the meeting, proxies will be voted for such persons as the Board shall recommend, unless the Board reduces the number of directors accordingly. There are no arrangements or understandings between any director and any other person pursuant to which such person was selected as a director or nominee.

Information Concerning Nominees

The following information has been furnished by the respective nominees for election of Class II directors for terms expiring in 2010.

Kenneth J. Duffy, 77, became a Class II director of the Company on March 12, 1996 and served as a director of Everest Reinsurance Company ("Everest Re") from March 1996 to February 2000. Mr. Duffy is a retired insurance executive. He served with the insurance holding company, Commercial Union Corporation, and its parent company, CGU plc, from 1948 until his retirement in 1999. He was President and Chief Executive Officer of Commercial Union Corporation from January 1985 to January 1995, Chairman and Chief Executive Officer from January 1993 to January 1995, Chairman from January 1995 to October 1998 and Senior Advisor to CGU plc from October 1998 to December 1999. Until December 1999, he was also a director of Commercial Union Canada Holdings, Ltd. and the President and a director of Curepool (Bermuda) Ltd. He is also a vice president of the Insurance Institute of London and a fellow of the Institute of Risk Management.

Joseph V. Taranto, 58, a Class II director, became Chairman of the Board and Chief Executive Officer of the Company and Everest Re on October 17, 1994 and served as President of both companies from December 1994 until Mr. Gallagher's election as President on February 24, 1997. Mr. Taranto also serves as Chairman and Chief Executive Officer of Everest Holdings and as Chairman of Everest Reinsurance (Bermuda), Ltd. ("Bermuda Re"). Between 1986 and 1994, Mr. Taranto was a director and President of Transatlantic Holdings, Inc. and a director and President of Transatlantic Reinsurance Company and Putnam Reinsurance Company (both subsidiaries of Transatlantic Holdings, Inc.).

Information Concerning Continuing Directors and Executive Officers

The following information has been furnished by those directors whose terms of office will continue after the Annual General Meeting and by the other executive officers.

Martin Abrahams, 74, became a Class I director of the Company on March 12, 1996 and served as a director of Everest Re from March 1996 to February 2000. Mr. Abrahams, currently retired, served with the accounting firm of Coopers & Lybrand L.L.P. from 1957 to 1995. He was a partner at that firm from 1969 to 1995.

John R. Dunne, 77, became a Class I director of the Company on June 10, 1996 and served as a director of Everest Re from June 1996 to February 2000. Mr. Dunne is an attorney and member of the bars of New York and the District of Columbia. Since 1994 he has been counsel to the law firm of Whiteman Osterman & Hanna LLP in Albany, New York. Since 1995, Mr. Dunne has been a director of Aviva Life Insurance Company of New York, serving on the company's audit committee. Mr. Dunne was a director of CGU Corporation, an insurance holding company, from 1993 until 2001. Mr. Dunne was counsel to the Washington, D.C. law firm of Bayh, Connaughton & Malone from 1993 to 1994. From 1990 to 1993, he served as an Assistant Attorney General at the United States Department of Justice. From 1966 to 1989, Mr. Dunne served as a New York State Senator while concurrently practicing law as a partner in New York law firms.

Thomas J. Gallagher, 58, became a Class III director of the Company on March 13, 1996. Mr. Gallagher also serves as a director of Everest Re, having first been elected to that position in 1987. Elected President and Chief Operating Officer of both the Company and Everest Re on February 24, 1997, Mr. Gallagher had been Executive Vice President of both companies since December 1995. He was Senior Vice President of the Company from 1994 to 1995 and of Everest Re from 1989 to 1994. Since joining Everest Re in 1975, he has served as an underwriter in the facultative and treaty departments, as vice president in charge of the facultative department and as vice president in charge of the treaty casualty department. Mr. Gallagher also serves as Deputy Chairman of the Company, as a director and President of Everest Holdings, as a director and Deputy Chairman of Bermuda Re, as a director and Chairman of Everest Global Services, Inc. ("Everest Global"), Everest National Insurance Company ("Everest National"), Everest Insurance Company of Canada ("EVCAN"), and Mt. McKinley Insurance Company ("Mt. McKinley"). He also serves as a director and Chairman and Chief Executive Officer of Everest Indemnity Insurance Company ("Everest Indemnity"), and as a director of WorkCare Southeast, Inc. ("WorkCare Southeast"), WorkCare Southeast of Georgia, Inc. ("WorkCare Georgia") and Everest Security Insurance Company ("Everest Security") (f/k/a Southeastern Security Insurance Company), all of which are subsidiaries of the Company.

William F. Galtney, Jr., 54, became a Class III director of the Company on March 12, 1996 and served as a director of Everest Re from March 1996 to February 2000. Since February 1, 2006 he has been President of Galtney Enterprises, Inc. and since April 1, 2005, has been Chairman of Oxford Insurance Services Limited, a managing general and surplus lines agency. Prior thereto, he was President (from June 2001 until December 31, 2004) and Chairman (until March 31, 2005) of Gallagher Healthcare Insurance Services, Inc. ("GHIS"), a wholly-owned subsidiary of Arthur J. Gallagher & Co. ("Gallagher"). From 1983 until its acquisition by Gallagher in June 2001, Mr. Galtney was the Chairman and Chief Executive Officer of Healthcare Insurance Services, Inc. (predecessor to GHIS), a managing general and surplus lines agency previously indirectly owned by The Galtney Group, Inc. Mr. Galtney is also Managing Member, President and Director of Galtney Group, LLC and was a director of Mutual Risk Management Ltd. from 1988 to 2002.

John A. Weber, 62, became a Class I director on May 22, 2003. Since December 2002, he has been the Managing Partner of Copley Square Capital Management, LLC, a private partnership and SEC-registered investment adviser which provides investment management and strategic advisory services to institutions. From 1990 through 2002, Mr. Weber was affiliated with One Beacon Insurance Group LLC (formerly known as CGU Corporation) and its predecessor companies. During that affiliation, he became the Managing Director and Chief Investment Officer of One Beacon Insurance Companies and the President of One Beacon Asset Management, Inc. (formerly known as CGU Asset Management, Inc.). From 1988 through 1990, Mr. Weber was the Chief Investment Officer for Provident Life Accident Insurance Company and from 1972 through 1988 was associated with Connecticut Mutual Life Insurance Company ("Connecticut Mutual") and its affiliate, State House Capital Management Company ("State House"), eventually serving as Senior Vice President of Connecticut Mutual and President of State House.

Craig Eisenacher, 59, became Executive Vice President and Chief Financial Officer of the Company on December 18, 2006. On that day, he also became a director, Executive Vice President and Chief Financial Officer of Everest Re and Everest Holdings, a director and the President of Everest Global, and a director of Bermuda Re, Everest Advisors (UK), Ltd. ("Advisors U.K."), Everest Re Advisors, Ltd. ("Everest Re Advisors"), a Bermuda subsidiary of the Company, and Mt. McKinley Insurance Company as well as a director and Chairman of Everest International Reinsurance, Ltd ("Everest International") (f/k/a AFC Re Ltd.), and a director and Treasurer of EVCAN. On

January 26, 2007, Mr. Eisenacher became a director of Everest National, Everest Indemnity and Everest Security. From 2003 until he joined the Company in December 2006, Mr. Eisenacher was Senior Vice President and Chief Financial Officer of Bristol West Holdings, Inc. a publicly traded provider of liability and property damage coverage for private passenger automobiles. He served as Managing Director of Century Capital Management Inc., which is involved in investments in insurance, insurance related and technology companies, from 1999 through 2003.

Stephen L. Limauro, 55, was the Chief Financial Officer of the Company, Everest Holdings and Everest Re until December 18, 2006 and will remain an Executive Vice President of the Company, Everest Holdings, Everest Re and Everest Global until he retires in July 2007. He became Executive Vice President of the Company and Everest Re on September 21, 2000. Until December 2006, Mr. Limauro was also a director of Everest Holdings, Everest Re, a director and Chairman of Everest Re Advisors, a director and chairman of Everest Advisors (Ireland) Limited (Everest Ireland), an Irish subsidiary of Everest Re Advisors, and a director of Advisors U.K. He also served as a director and Treasurer of EVCAN. He served as a director and Chairman of Everest Re Holdings, Ltd. (ERHL), until its dissolution on January 27, 2006, and was a director and President of Everest Global and Chief Financial Officer of WorkCare Southeast and WorkCare Georgia. He was also a director of Bermuda Re and director and Chairman of Everest International, which are subsidiaries of the Company. Mr. Limauro served as a director of Mt. McKinley, Everest National, Everest Indemnity and Everest Security, which are also subsidiaries of the Company.

Mark S. de Saram, 51, is an executive officer of the Company and became Senior Vice President on October 13, 2004. He serves as Managing Director and Chief Executive Officer of Bermuda Re and as a director and Chairman of Everest Re Advisors and Everest International. He serves as a director of Everest Ireland and Advisors U.K. and was a director and Deputy Chairman of ERHL until its dissolution. Mr. de Saram joined Everest Re in 1995 as Vice President responsible for United Kingdom and European Operations. Prior to his joining Everest Re, Mr. de Saram accumulated 21 years of reinsurance industry experience working in various underwriting capacities in the United Kingdom and Canada.

Keith T. Shoemaker, 51, became Comptroller of the Company on November 6, 2001 and became the Principal Accounting Officer on July 30, 2002. He also serves as Vice President and Comptroller of Everest Holdings, Everest Re, Everest Global and Mt. McKinley as well as Assistant Comptroller of Everest National, Everest Indemnity, Everest Security, WorkCare Southeast, WorkCare Georgia and Mt. McKinley Managers, L.L.C. (Mt. McKinley Managers) and Assistant Controller of EVCAN. He served as Vice President and Comptroller of ERHL until its dissolution. He also serves as a trustee of Everest Re Capital Trust and Everest Re Capital Trust II, which are Delaware statutory trusts. Mr. Shoemaker was Vice President and Controller of Selective Insurance Company from 1999 to 2001 and served as Vice President of the National Council on Compensation Insurance from 1992 to 1999.

The Board of Directors and Its Committees

The Board conducts its business through its meetings and meetings of its committees. Four meetings of the Board were held in 2006. No director, either in person or through an alternate director appointment as permitted under Bermuda law, attended fewer than 75% of the aggregate of the total number of meetings of the Board and the total number of meetings of all committees of the Board on which the director served. All of the directors except Mr. Galtney attended last year's Annual General Meeting of Shareholders. The directors are expected to attend the Annual General Meeting pursuant to the Company's Corporate Governance Guidelines.

The Board has affirmatively determined that the following directors, who constitute a majority of the Board and who serve as members of the Audit, Compensation and Nominating and Governance Committees, are independent: Mr. Abrahams, Mr. Duffy, Mr. Dunne and Mr. Weber. To determine independence, the Board applied the categorical standards contained in the Company's Corporate Governance Guidelines. A copy of those standards, which meet the corporate governance listing standards of the New York Stock Exchange (NYSE), is set forth as Appendix A to this Proxy Statement. The Board also considered whether these four directors had any other material relationships with the Company, its affiliates or the Company's external auditor and concluded that none of them had a relationship that impaired his independence. The Board based its determination on personal discussions with the directors and a review of each director's responses to questions regarding employment, compensation history, affiliations and family and

other relationships. Additionally, in accordance with the Corporate Governance Guidelines and the disclosure requirement set forth in Bye-law 21(b) of the Company's Bye-Laws (which in turn requires compliance with the Bermuda Companies Act 1981, as amended), each director must disclose to the other directors any potential conflicts of interest he may have with respect to any matter under discussion. If a director is disqualified by the Chairman because of a conflict, he must refrain from voting on a matter in which he may have a material interest. Prior to each scheduled meeting of the Board of Directors, the directors who are not officers of the Company meet in executive session outside the presence of management. The executive sessions are chaired by alternating directors who rotate on an alphabetical basis. In addition, the independent directors meet in executive session outside the presence of management on a regular basis.

The Board currently maintains Audit, Nominating and Governance and Compensation Committees, all of whose members are independent directors. The Charters for each of these committees, the Corporate Governance Guidelines and the Company's Ethics Guidelines and Index to Compliance Policies are posted on the Company's website at http://www.everestre.com. These documents are also available in print to any shareholder who requests a copy from the Corporate Secretary at the address below. The Board also maintains an Executive Committee, the purpose of which is to take any emergency actions until the Board can meet. The members of the Executive Committee are Mr. Taranto, Mr. Gallagher and Mr. Galtney. The Executive Committee did not meet in 2006.

Audit Committee

The principal purposes of the Company's Audit Committee are to oversee the integrity of the Company's financial statements and the Company's compliance with legal and regulatory requirements, to oversee the independent, registered public accounting firm, to evaluate the independent, registered public accounting firm's qualifications and independence and to oversee the performance of the Company's internal audit function. The Audit Committee meets with the Company's management, Chief Internal Audit Officer and the independent, registered public accounting firm, both separately and together, to review the Company's internal controls and financial statements, audit findings and significant accounting and reporting issues. The Board has adopted a Charter for the Audit Committee which is revised as necessary to comply with all applicable laws, rules and regulations. The Charter is available on the Company's website at http://www.everestre.com.

The members of the Audit Committee are Mr. Abrahams, Mr. Duffy, Mr. Dunne, and Mr. Weber. The Board has determined that all members of the Committee are financially literate and that all are independent under the NYSE listing standards and the rules of the Securities and Exchange Commission ("SEC") governing the qualifications of audit committee members. The Board has also determined that Mr. Abrahams qualifies as an "audit committee financial expert" as defined by SEC rules and has accounting or related financial management expertise as required by NYSE listing standards. No member of the Audit Committee may serve on the Audit Committee of more than two other public companies unless the Board has determined that such service will not affect the ability of the Committee member to serve on the Company's Audit Committee. Mr. Dunne serves as Chairman of the Audit Committee. The Audit Committee held four meetings in 2006.

Compensation Committee

The Compensation Committee exercises authority with respect to all compensation and benefits afforded all officers at the Senior Vice President level and above, the Named Executive Officers (as defined herein) and the Company's Chief Financial Officer, Comptroller, Treasurer, Chief Internal Audit Officer and Secretary. The Compensation Committee also has oversight responsibilities for all of the Company's broad-based compensation and benefit programs, including administration of the Company's Annual Incentive Plan, the 1995 Stock Incentive Plan, the 2002 Stock Incentive Plan and the Executive Performance Annual Incentive Plan. The Compensation Committee adopted a Charter on November 21, 2002, which is available on the Company's website at http://www.everestre.com. The Charter was amended on February 21, 2007 to reflect additional responsibilities of the Compensation Committee.

The Compensation Committee is comprised of Mr. Abrahams, Mr. Duffy, Mr. Dunne and Mr. Weber, none of whom is a current or former employee or officer of the Company and all of whom meet the independence standards

of the NYSE. Mr. Duffy serves as Chairman of the Compensation Committee. The Compensation Committee held four meetings in 2006.

Nominating and Governance Committee

The Nominating and Governance Committee was established by the Board on November 21, 2002, with authority and responsibility to identify and recommend qualified individuals to be nominated as directors of the Company and to develop and recommend to the Board the Corporate Governance Guidelines applicable to the Company. The current members of the Nominating and Governance Committee are Mr. Abrahams, Mr. Duffy, Mr. Dunne and Mr. Weber. Mr. Abrahams currently serves as Chairman of the Nominating and Governance Committee.

The Nominating and Governance Committee will consider a shareholder's nominee for director who is proposed in accordance with the procedures set forth in Bye-Law 12 of the Company's Bye-Laws, which is available on the Company's website or by mail from the Corporate Secretary's office. This Bye-Law requires written notice of a shareholder's intent to make such a nomination at the 2008 Annual General Meeting of Shareholders to be received by the Secretary of the Company at the address listed below under Shareholder and Interested Party Communications with Directors, between November 15, 2007 and December 15, 2007. Such notice shall set forth the name and address, as it appears on the Register of Members, of the shareholder who intends to make the nomination; a representation that the shareholder is a holder of record of shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make such nomination; the class and number of shares of the Company which are held by the shareholder; the name and address of each individual to be nominated; a description of all arrangements or understandings between the shareholder and any such nominee and any other person or persons (naming such person or persons) pursuant to which such nomination is to be made by the shareholder; such other information regarding any such nominee required to be included in a proxy statement filed pursuant to Regulation 14A under the Securities Exchange Act of 1934; and the consent of any such nominee to serve as a director, if so elected.

Shareholder candidates nominated in accordance with the procedures of Bye-Law 12 will, like any other director-candidate, be considered based solely on their character, judgment, education, training, business experience and expertise. In addition to complying with independence standards of the NYSE, the SEC and the Company, candidates for director must possess the highest levels of personal and professional ethics, integrity and values and be willing to devote sufficient time to perform their Board and committee duties. It is in the Company's best interests that the Board be comprised of individuals whose skills, experience, diversity and expertise complement those of the other Board members. The objective is to have a Board which, taken as a whole, is knowledgeable in the areas of insurance/reinsurance, accounting (using generally accepted accounting practices and/or statutory accounting practices for insurance companies), financial management and investment, legal/regulatory and any other areas which the Board and committee deem appropriate in light of the continuing operations of the Company and its subsidiaries. Financial services-related experience, other relevant prior service, a familiarity with national and international issues affecting the Company's operations and a diversity of background, experience, race and gender are also among the relevant criteria to be considered. Following interviews, meetings and such inquiries and investigations determined to be appropriate under the circumstances, the Committee makes its director recommendations to the Board.

The Nominating and Governance Committee held one meeting in 2006. The Committee's Charter, which was adopted by the Board on February 25, 2004, and the Corporate Governance Guidelines which contain the director qualifications, are available on the Company's website at http://www.everestre.com.

Audit Committee Report

The Audit Committee has reviewed and discussed with management, which has primary responsibility for the financial statements, and with PricewaterhouseCoopers LLP, the Company's independent auditors, the audited financial statements for the year ended December 31, 2006 (the "Audited Financial Statements"). In addition, the Audit Committee has discussed with PricewaterhouseCoopers LLP the matters required to be discussed by Statement on Auditing Standards No. 61. The Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP required by Independence Standards Board Standard No. 1, and has discussed with that

firm its independence. The Audit Committee also has discussed with management of the Company and with PricewaterhouseCoopers LLP such other matters and received such assurances from them as the Committee deemed appropriate. Based on the foregoing review and discussions and relying thereon, the Audit Committee has recommended to the Company's Board of Directors the inclusion of the Audited Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

The Audit Committee devoted substantial time in 2006 to discussing with the Company's independent auditors and internal auditors the status and operating effectiveness of the Company's internal controls over financial reporting. The Audit Committee's oversight involved several meetings both with management and with the auditors outside the presence of management to monitor the preparation of management's report on the effectiveness of the Company's internal controls and the independent auditors' opinion on management's assessment. The meetings reviewed in detail the standards that were established, the content of management's assessment, and the auditors' testing and evaluation of the design and operating effectiveness of the internal controls. As reported in the Company's Annual Report on Form 10-K filed March 1, 2007, the independent auditors concluded that, as of December 31, 2006, management's assessment of the effectiveness of internal controls was fairly stated in all material respects and that the Company maintained, in all material respects, effective internal controls over financial reporting based upon the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Under its Charter and the "Audit and Non-Audit Services Pre-Approval Policy" (the "Policy"), the Audit Committee is required to pre-approve the audit and non-audit services to be performed by the independent auditors. The Policy requires that any service that has not received a general pre-approval or that exceeds pre-approved cost levels or budgeted amounts requires specific approval by the Audit Committee. For both specific and general pre-approval, the Audit Committee considers whether such services are consistent with the SEC's rules on auditor independence. The Audit Committee also considers whether the independent auditors are best positioned to provide the most effective and efficient service and whether the service might enhance the Company's ability to manage or control risk or improve audit quality. The Audit Committee is also mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services and may determine, for each fiscal year, the appropriate ratio between the total amount of fees for audit, audit-related and tax fees and a total amount of fees for certain permissible non-audit services classified as "All Other Fees" below. All such factors are considered as a whole, and no one factor is determinative. The Audit Committee has considered whether the performance by PricewaterhouseCoopers LLP of the services disclosed below is compatible with maintaining their independence. The Audit Committee approved all of the audit-related fees, tax fees and all other fees for 2006 and 2005.

The fees billed to the Company by PricewaterhouseCoopers LLP and its worldwide affiliates in 2006 and 2005 are as follows:

	2006	**2005**
(1) Audit fees	$3,381,601	$3,322,747
(2) Audit-related fees	69,000	66,000
(3) Tax fees	32,859	142,213
(4) All other fees	4,602	2,130

(1) Audit fees include the annual and quarterly financial statement audit, internal control audit (as required by the Sarbanes Oxley Act of 2002), subsidiary audits, and procedures required to be performed by the independent auditors to be able to form an opinion on the Company's consolidated financial statements. Audit services also include the attestation engagement for the independent auditors' report on management's report on internal controls for financial reporting. Audit fees also include statutory audits or financial audits of subsidiaries or affiliates of the Company and services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

(2) Audit-related fees include assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements, accounting consultations related to accounting, financial reporting or disclosure matters not classified as "audit services"; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; financial audits of employee benefit plans; agreed- upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters and assistance with internal control reporting requirements.

(3) Tax fees include tax compliance, tax planning and tax advice and may be granted general pre-approval by the Audit Committee.

(4) All other fees are for accounting and research subscriptions.

John R. Dunne, Chairman
Martin Abrahams
Kenneth J. Duffy
John A. Weber

Compensation Committee Report

Management has the primary responsibility for the company's financial statements and reporting process, including the disclosure of executive compensation. The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this proxy statement and, based on this review and discussion, recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Kenneth J. Duffy, Chairman
Martin Abrahams
John R. Dunne
John A. Weber

Code of Ethics for CEO and Senior Financial Officers

The Company has adopted a code of ethics that applies to the Chief Executive Officer, Chief Financial Officer and senior financial officers. The text of the Code of Ethics for the Chief Executive Officer and Senior Financial Officers is posted on the Corporate Governance page on the Company's website at http://www.everestre.com. This document is also available in print to any shareholder who requests a copy from the Corporate Secretary at the address below. In the event the Company makes any amendment to or grants any waiver from the provisions of its Code of Ethics, the Company intends to disclose such amendment or waiver on its website within five business days.

Shareholder and Interested Party Communications with Directors

Shareholders and interested parties may communicate directly with the Board of Directors or with individual directors. All communications should be directed to the Company's Secretary at the following address and in the following manner:

Everest Re Group, Ltd. Corporate Secretary
c/o Everest Global Services, Inc.
Westgate Corporate Center
477 Martinsville Road
P.O. Box 830
Liberty Corner, New Jersey 07938-0830

Any such communication should prominently indicate on the outside of the envelope that it is intended for the Board of Directors, for the Non-Management Directors or for any individual director. Each communication addressed to an individual director and received by the Company's Secretary from investors or security holders, which is related to the operation of the Company and is not solely commercial in nature, will promptly be forwarded to the specified

party. Communications addressed to the "Board of Directors" or to the "Non-Management Directors" will be forwarded to the Chairman of the Nominating and Governance Committee.

Common Share Ownership By Directors And Executive Officers

The following table sets forth the beneficial ownership of Common Shares as of March 27, 2007 by the directors of the Company, by the Named Executive Officers listed in the Summary Compensation Table and by all directors and Named Executive Officers of the Company as a group. Information in this table was furnished to the Company by the respective directors and Named Executive Officers. Unless otherwise indicated in a footnote, each person listed in the table possesses sole voting power and sole dispositive power with respect to the shares shown in the table as owned by that person.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (13)
Martin Abrahams	36,976(1)	*
Kenneth J. Duffy	38,281(2)	*
John R. Dunne	33,879(3)	*
Thomas J. Gallagher	201,620(4)	*
William F. Galtney, Jr.	100,732(5)	*
Joseph V. Taranto	643,959(6)	*
John A. Weber	9,346(7)	*
Craig Eisenacher	15,000(8)	*
Stephen L. Limauro	75,214(9)	*
Keith T. Shoemaker	1,100(10)	*
Mark S. de Saram	43,784(11)	*
All directors and executive officers as a group (11 persons)	1,199,891(12)	1.84

* Less than 1%

(1) Includes 26,500 shares issuable upon the exercise of share options exercisable within 60 days of March 27, 2007 and 7,644 shares held in the Martin Abrahams Revocable Trust. Also includes 2,832 restricted shares issued to Mr. Abrahams under the Company's 2003 Non-Employee Director Equity Compensation Plan ("2003 Director Plan") which may not be sold or transferred until the vesting requirements are satisfied.

(2) Includes 20,000 shares issuable upon the exercise of share options exercisable within 60 days of March 27, 2007. Also includes 2,832 restricted shares issued to Mr. Duffy under the 2003 Director Plan which may not be sold or transferred until the vesting requirements are satisfied.

(3) Includes 26,500 shares issuable upon the exercise of share options exercisable within 60 days of March 27, 2007. Also includes 2,832 restricted shares issued to Mr. Dunne under the Company's 2003 Director Plan which may not be sold or transferred until the vesting requirements are satisfied.

(4) Includes 164,200 shares issuable upon the exercise of share options exercisable within 60 days of March 27, 2007. Also includes 22,440 restricted shares issued to Mr. Gallagher under the Company's 2002 Stock Incentive Plan which may not be sold or transferred until the vesting requirements are satisfied.

(5) Includes 69,000 shares owned by Galtney Family Investors, Ltd., a limited partnership in which Mr. Galtney maintains a beneficial ownership and for which he serves as the General Partner. Also includes 26,500 shares issuable upon the exercise of share options exercisable within 60 days of March 27, 2007 and 2,832

restricted shares issued to Mr. Galtney under the Company's 2003 Director Plan which may not be sold or transferred until the vesting requirements are satisfied.

(6) Includes 220,000 shares issuable upon the exercise of share options exercisable within 60 days of March 27, 2007. Also includes 111,000 restricted shares issued to Mr. Taranto under the Company's 2002 Stock Incentive Plan which may not be sold or transferred until the vesting requirements have been satisfied. Excludes 1,900,000 Common Shares

held by Everest Holdings over which Mr. Taranto has voting and dispositive power. Mr. Taranto disclaims beneficial ownership of the Common Shares held by Everest Holdings.

(7) Includes 3,206 shares issuable upon the exercise of stock options exercisable within 60 days of March 27, 2007. Also includes 2,832 restricted shares issued to Mr. Weber under the Company's 2003 Director Plan which may not be sold or transferred until the vesting requirements are satisfied.

(8) Includes 15,000 restricted shares issued to Mr. Eisenacher under the Company's 2002 Stock Incentive Plan which may not be sold or transferred until the vesting requirements have been satisfied.

(9) Includes 8,600 restricted shares issued to Mr. Limauro under the Company's 2002 Stock Incentive Plan, which may not be sold or transferred until the vesting requirements have been satisfied. Also includes 61,000 shares issuable upon the exercise of share options exercisable within 60 days of March 27, 2007. Mr. Limauro holds 5,614 shares in a brokerage account which may be margined. Mr. Limauro's restricted shares and unexercisable share options will be cancelled when he retires in July 2007. With respect to his vested, unexercised options that are otherwise subject to the terms of the 1995 and 2002 Stock Incentive Plans, the Compensation Committee has extended the time that they may be exercised until the later of the close of trading on April 14, 2008 or nine months following his retirement.

(10) Includes 1,100 shares issuable upon the exercise of share options exercisable within 60 days of March 27, 2007.

(11) Includes 32,800 shares issuable upon the exercise of share options exercisable within 60 days of March 27, 2007. Also includes 8,800 restricted shares issued to Mr. de Saram under the Company's 2002 Stock Incentive Plan which may not be sold or transferred until the vesting requirements have been satisfied.

(12) Includes 581,806 shares issuable upon the exercise of share options exercisable within 60 days of March 27, 2007.

(13) Based on 65,067,305 total Common Shares outstanding and entitled to vote as of March 27, 2007.

Principal Holders of Common Shares

To the best of the Company's knowledge, the only beneficial owners of more than 5% of the outstanding Common Shares as of December 31, 2006 are set forth below. This table is based on information provided in Schedule 13G Information Statements filed with the SEC by the parties listed in the table.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
Oppenheimer Funds, Inc. Two World Financial Center 225 Liberty Street New York, New York 10281	6,683,882 (1)	10.44
FMR Corp. 82 Devonshire Street Boston, Massachusetts 02109	5,383,982 (2)	8.28
Southeastern Asset Management Inc. 6410 Poplar Avenue, Suite 900 Memphis, Tennessee 38119	3,502,700 (3)	5.40

Putnam, LLC d/b/a Putnam Investments on behalf of itself and Marsh & McLennan Companies, Inc.; Putnam Investment Management, LLC; and The Putnam Advisory Company, LLC One Post Office Square Boston, Massachusetts 02109	3,418,753 (4)	5.30

(1) Oppenheimer Funds, Inc. reports in its Schedule 13G that it has shared power to vote or direct the vote of 6,683,882 Common Shares and shared dispositive power with respect to 6,683,882 Common Shares.

(2) FMR Corp. reports in its Schedule 13G that it has sole power to vote or direct the vote of 495,637 Common Shares and sole dispositive power with respect to 5,383,982 Common Shares.

(3) Southeastern Asset Management, Inc. reports in its Schedule 13G that it has sole power to vote or direct the vote of 1,896,900 Common Shares, shared power to vote 1,421,800 Common Shares, no power to vote 184,000 Common Shares, sole dispositive power with respect to 2,080,900 Common Shares and shared or no dispositive power with respect to 1,421,800 Common Shares

(4) Putnam, LLC on behalf of itself, Putnam Investment Management and the Putnam Advisory Company reports in its Schedule 13G that it has shared voting power with respect to 93,832 Common Shares and shared dispositive power with respect to 3,418,753 Common Shares.

Directors Compensation

Each member of the Board who is not otherwise affiliated with the Company as an employee and/or officer (Non-Employee Director or Non-Management Director) was compensated in 2006 for services as a director and was also reimbursed for out-of-pocket expenses associated with each meeting attended. The annual compensation for 2006 of each Non-Employee Director consisted of shares and/or cash having an aggregate value of $75,000. The compensation was paid in four installments of cash or, at the directors election, by issuances of Common Shares under the 2003 Non-Employee Directors Plan (the 2003 Directors Plan) which was approved by shareholders on May 22, 2003, and amended with the approval of shareholders on May 25, 2005.

Giving Non-Employee Directors an opportunity to receive their compensation in the form of Common Shares is intended to align their interests with those of the Companys shareholders. The value of Common Shares issued is calculated based on the average of the highest and lowest sale prices of the Common Shares on each installment date or, if no sale is reported for that day, the preceding day for which there is a reported sale. In 2006, each Non-Employee Director who elected to be so compensated was issued a total of 797 shares as compensation for his services as a director.

On May 23, 1996, the shareholders approved the Companys adoption of the 1995 Stock Option Plan for Non-Employee Directors (the 1995 Directors Plan), which is designed to maintain the Companys ability to attract and retain the services of experienced and highly qualified Non-Employee Directors and to create in those directors a proprietary interest in the Companys continued success. At the time of their appointment to the Board, each Non-Employee Director is awarded an option to purchase an amount of Common Shares equal to $50,000 divided by the average of the NYSE high and low price of one share on that day with an exercise price equal to that average. As defined in the 1995 Directors Plan, the fair market value is determined by averaging the highest and lowest trading prices of the Common Shares on the date of the option award.

On May 25, 2005, each of the Non-Employee Directors was granted 2,000 restricted shares under the 2003 Directors Plan which vest over a three year term. On February 21, 2007, each of the Non-Employee Directors was granted 1,500 restricted shares under the 2003 Directors Plan which will vest over a three year term.

2006 DIRECTOR COMPENSATION TABLE

The table below summarizes the compensation paid by the Company to Non-Employee Directors for the fiscal year ended December 31, 2006.

Name	($)	Fees Earned or Paid in Cash (1)	Share Awards ($) (2)	Option Awards ($) (3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (4)	Total ($)
Martin Abrahams		75,000	59,042	0	0	0	879	134,921
Kenneth J. Duffy		75,000	59,042	0	0	0	879	134,921
John R. Dunne		75,000	59,042	0	0	0	879	134,921
William F. Galtney, Jr.		75,000	59,042	0	0	0	879	134,921
John A. Weber		75,000	59,042	0	0	0	879	134,921

(1) During 2006, Messrs. Duffy and Weber, who elected to receive share-based retainer fees, each received 797 Common Shares.

(2) No restricted shares were awarded to the Non-Employee Directors in 2006. Each of the Non-Employee Directors was awarded 2,000 restricted shares on May 25, 2005, of which 1,332 remains restricted. The amount is the dollar amount recognized for financial statement reporting purposes during 2006 in accordance with FAS 123(R).

(3) No share options were awarded to the Non-Employee Directors in 2006. As of December 31, 2006, each director has exercisable outstanding options to purchase the following number of shares: Mr. Abrahams, 26,500; Mr. Duffy, 20,000; Mr. Dunne, 26,500; Mr. Galtney, 26,500 and Mr. Weber, 3,206.

(4) Dividends paid on each Director's restricted shares.

COMPENSATION DISCLOSURE AND ANALYSIS

Overview of the Company's Compensation Program's Philosophy and Objectives

The Company's executive compensation program is designed to attract, retain and motivate highly talented individuals whose abilities are critical to the success of the Company. To achieve these ends, the executive compensation program utilizes a two-prong approach. First, a short term component consisting of a base salary and merit-based discretionary bonus is designed to attract, reward and retain executives for achieving optimal performance in the current year. Second, a long-term component consisting of discretionary equity awards in the form of share options and/or restricted shares is designed to align key executive's interests with those of the Company's shareholders and incentivize the executive to work towards achieving the Company's long-term goals of profitability and strong shareholder returns. Thus, the executive compensation program is designed to reward those employees who are integral to the Company's success this year as well as into the future.

The Company's executive compensation program is implemented by the Compensation Committee. The members of the Compensation Committee are appointed annually by the Board of Directors and satisfy the

independence requirements of the New York Stock Exchange.

The Compensation Committee is guided by the following principles when making compensation decisions individually and collectively:

- Compensation of executive officers is based on the level of job responsibility, their individual performance and their contribution to the performance of the Company.

- Compensation awards and levels are generally intended to be reasonably competitive with compensation paid by organizations of similar stature so as to minimize the potential for disruptive turnover amongst important contributors.

- Compensation is intended to align the interests of the executive officers with those of the Company's shareholders by basing a significant part of total compensation on the long-term performance of the Common Shares.

Components of the Company's Compensation Program

In 2006, annual compensation for the Company's executive officers consisted principally of a base salary and a cash bonus award as the Company opted to forgo new equity based awards. The only exception to this was Mr. Taranto, the Company's Chairman and Chief Executive Officer, to whom the Compensation Committee made an equity award in fulfillment of the Company's obligation pursuant to the renewal of Mr. Taranto's employment contract.

Base Salary and Bonus Determinations

The base salaries for all executive officers are determined by the Compensation Committee. With the exception of Messrs. Taranto, Eisenacher and de Saram who have employment agreements, base salaries are established upon hire or assignment date and reconsidered annually or as responsibilities change. Adjustments are based on each executive officer's performance and the Company's performance and may also take into account competitive conditions in the industry.

The Company awards annual cash bonuses to executive officers under the Annual Incentive Plan and the Executive Performance Annual Incentive Plan. The Annual Incentive Plan is applicable to all executive officers and management employees, except for Mr. Taranto who is subject to the Executive Performance Annual Incentive Plan. Under the Annual Incentive Plan, the Company may make cash payments each year to employees who hold positions of significant responsibility and/or whose performance or potential contribution, in the judgment of the Compensation Committee, will contribute materially to the success of the Company and its subsidiaries. The Annual Incentive Plan is designed to reward past accomplishments, to motivate future accomplishments, and to aid in attracting and retaining employees of the caliber necessary for the continued success of the Company. Although the actual cash bonus amounts for individual plan participants are judgmentally determined by executive management and recommended to the Compensation Committee, the Compensation Committee has discretion to reject or modify the recommended individual awards. The Company generally limits the aggregate amount available for such bonus payments to 3% of the Company's net operating income. For purposes of determining 2006 awards, the total amount available for bonuses under the Annual Incentive Plan was $11.1 million.

Unlike the Annual Incentive Plan, the executive officers eligible to participate in the Executive Performance Annual Incentive Plan (the "Executive Incentive Plan") are selected by the Compensation Committee. Currently, only Mr. Taranto is a participant in the Executive Incentive Plan. Pursuant to this plan, the Compensation Committee establishes performance goals for each participant which, if attained, entitles the participant to specific award amounts. The Executive Incentive Plan provides that the total amount of awards granted to all participants in any one year may not exceed 10% of the Company's average annual income before taxes for the preceding five years.

In the case of Mr. Taranto, the Executive Incentive Plan involves a personal performance grid that relates various levels of the Company's net operating income and return on average equity to a maximum cash incentive award for a given level of performance. For 2006, Mr. Taranto's maximum potential award was $2.5 million. Although this amount was the maximum cash bonus award that could be awarded to Mr. Taranto, the Compensation Committee may, in its discretion, choose to reduce the actual amount of the award.

Long-Term Compensation Determinations

The second component of the Company□s executive compensation plan is premised on a strategic view of compensation. This long-term compensation component is achieved through the Everest Re Group, Ltd. 2002 Stock

Incentive Plan, as amended May 2006 (□2002 Stock Incentive Plan□). Awards under the 2002 Stock Incentive Plan are intended to reinforce management□s long-term perspective on corporate performance, provide an incentive for key executives to remain with the Company for the long-term, and provide a strong incentive for employees to work to increase shareholder value by aligning employees□ interests with the shareholders.

The only equity award granted in 2006 was an award of 15,000 restricted shares to Mr. Taranto in satisfaction of the Company□s obligations under the renewal of Mr. Taranto□s Employment Agreement. The lack of awards reflected the Compensation Committee□s decision to revise the schedule it employs in the consideration of awards. The Committee decided to combine its consideration of equity awards with its consideration of base salaries and bonuses in February following the calendar performance year, rather than separately considering equity awards in September of the current calendar performance year.

Awards under the 2002 Stock Incentive Plan may take the form of share options, share appreciation rights, restricted shares or share awards. To date, the Company has only awarded restricted shares and non-qualified share options pursuant to the Plan. Options and restricted shares are awarded on the day that they are granted by the Compensation Committee and valued as of the grant date. Options are issued with a grant price equal to the fair market value of the Company□s stock on the grant date. The Company determines fair market value by averaging the high and low market price on the grant date. Equity grants are made in conjunction with the meeting of the Compensation Committee, and there is no plan or practice to grant options or restricted shares in coordination with the release of material non-public information.

Additionally, the Company□s Ethics Guidelines imposes a total prohibition on its officers, directors or other employees trading in options in the Company□s shares. Prohibited options include options awarded under the 1995 and 2002 Stock Incentive Plans, □put□ options and □call□ options. The Company□s officers, directors or other employees are also prohibited from engaging in transactions geared toward □shorting□ the Company□s stock.

In the case of equity awards, the CEO makes recommendations to the Compensation Committee for each executive officer, and the awards are discussed by the Compensation Committee and recommended for action by the Board. Awards are granted subjectively at the discretion of the Compensation Committee based on a variety of factors, including the recipient□s demonstrated past and expected future performance, the recipient□s level of responsibility within the Company, their ability to affect shareholder value, and past awards of share options, share appreciation rights, restricted shares, or share awards. Restricted share awards and share options encourage employee retention because all awards, except for those to Mr. Taranto, vest over a five year period at the rate of 20% per year and are generally forfeited if the recipient leaves the Company before vesting. Generally, upon termination of employment, the recipient loses unvested options and restricted shares and has 90 days to exercise vested options. In addition, the expiration of share options ten years after they are granted is designed to encourage recipients to work on the Company□s growth over the long-term and not simply cater to short-term profits.

As with his short term compensation components, the determination, award and vesting of awards for Mr. Taranto are handled separately. In particular, restricted shares and share option awards made to Mr. Taranto vest in accordance with the terms of his Employment Agreement as amended on August 31, 2005. Pursuant to that Amended Employment Agreement, all restricted shares and non-qualified share options (collectively, the □Awards□) awarded to Mr. Taranto under the 2002 Stock Incentive Plan will become fully vested and exercisable on March 31, 2008, provided that Mr. Taranto□s employment has not been terminated for cause and provided that such accelerated vesting would not cause the Awards to be treated, in whole or in part, as □deferred compensation□ for purposes of section 409A of the Internal Revenue Code. The Awards may vest earlier if Mr. Taranto retires with the consent of the Company or if Mr. Taranto□s employment is terminated by death or disability.

Other Forms of Compensation

Apart from the salary, bonus and long-term compensation components discussed above, all employees including executive officers receive other forms of compensation from the Company. That compensation includes a Company funded pension plan, Company paid term life insurance, partially subsidized medical and dental plan, Company paid

disability insurance, and an employee savings plan (401K). Executives may also participate in a supplemental savings plan and Supplemental Retirement Plan, both of which are non-qualified with respect to tax deductibility in the U.S. The purpose of these plans is principally to restore benefits which would otherwise have been limited by U.S. benefit plan rules.

Deferred Compensation Plan

The Company previously offered a Deferred Compensation Plan for senior executives, but that plan was terminated effective December 31, 2005. Mr. Taranto was the only executive to use the plan and, in June 2006, he received benefits pursuant to his final election under the plan (which had occurred in December 2003, deferring his 2005 bonus). His deferred bonus payment exhausted the deferred compensation account.

Perquisites and Other Benefits

When the Compensation Committee determines it appropriate, the Company provides Named Executive Officers with perquisites and other personal benefits that are reasonable and consistent with the overall compensation plan and the philosophy of attracting and retaining key employees. The Compensation Committee periodically reviews these awards of perquisites and other benefits.

The only perquisites approved by the Compensation Committee have been Mr. de Saram s (a citizen of the United Kingdom) housing, family travel and golf membership fees for Tuckers Point Country Club in Bermuda. The amounts reported for 2006 include $150,000 as housing allowance and $21,097 in payment of taxes each under the terms of his employment agreement. The amounts for 2006 also include $19,436 in family travel and $6,300 for golf membership fees at Tuckers Point. The Company also owns a car and furniture which are provided for Mr. de Saram s use.

Tax and Accounting Implications

Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, limits the ability of a publicly-held company to take a tax deduction for annual compensation in excess of $1 million paid to its chief executive officer or to any of its four other most highly compensated officers. However, compensation is exempt from this limit if it qualifies as performance-based compensation. To preserve this deduction, the Company has designed its incentive plans to constitute performance-based compensation and not be counted toward the $1 million limit. However, the 2002 Stock Incentive Plan does allow for the Compensation Committee, in its sole discretion, to grant awards under the plans which do not constitute performance-based compensation. Although the Compensation Committee considers deductibility under section 162(m) with respect to the compensation arrangements for executive officers, deductibility is not a determinative factor when considering appropriate levels or methods of compensation.

The foregoing provided a general overview of the Company s philosophy on executive compensation. The tables contained in the subsequent sections attribute specific dollar values for the various aspects of executive compensation previously discussed.

Compensation of Executive Officers

Summary Compensation Table

The following table sets forth compensation paid or accrued for the last fiscal year with respect to the Company s Chief Executive Officer, Principal Financial Officer, former Principal Financial Officer and the three other most highly compensated executive officers as of December 31, 2006 (collectively, the Named Executive Officers), for services rendered by them to the Company and to its subsidiaries.

2006 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Share Awards ($) (2)	Option Awards ($) (3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (4)	All Other Compensation ($) (5)	Total ($)
Joseph V. Taranto, Chairman of the Board and Chief Executive Officer	2006	1,000,000	0	3,973,021	852,206	2,500,000	396,321	95,838	8,817,38
Craig Eisenacher, Executive Vice President and Chief Financial Officer (1)	2006	7,692	275,000	0	0	0	0	0	282,69
Stephen L. Limauro, Executive Vice President and Former Chief Financial Officer	2006	368,269	500,000	228,313	284,305	0	487,188	18,182	1,886,25
Thomas J. Gallagher, President and Chief Operating Officer	2006	500,000	650,000	403,696	187,459	0	327,540	26,959	2,095,65
Mark S. de Saram, Senior Vice President of Group and Managing Director and Chief Executive Officer	2006	382,334(6)	325,000	129,936	132,933	0	N/A	243,775	1,213,97

of Bermuda Re									
Keith T. Shoemaker, Comptroller and Principal Accounting Officer	2006	201,861	85,000	0	132,797	0	18,637	6,894	445,189

(1) Mr. Eisenacher joined the Company on December 18, 2006 when he succeeded Mr. Limauro as Chief Financial Officer.

(2) The amounts reflect the dollar amount recognized for financial statement reporting purposes for fiscal year 2006 in accordance with FAS 123(R) for restricted share awards for each Named Executive Officer. Restricted shares vest at the earliest of 20% per year over five years or upon the expiration of any applicable employment agreement.

(3) The amounts reflect the dollar amount recognized for financial statement reporting purposes for fiscal year 2006 in accordance with FAS 123(R) for awards of share options for each Named Executive Officer. The awards were granted prior to 2006 and previously reported. Options vest at the earliest of 20% per year over five years or upon the expiration of any applicable employment agreement.

(4) Represents the aggregate change in the present value of the Named Executive Officers accumulated benefit under the qualified and supplemental pension plans from December 31, 2005 to December 31, 2006. Earnings on non- qualified deferred compensation plans are not included as they are invested in the same investment offerings as the qualified savings plan and are not preferential.

(5) The amounts reported for 2006 for Mr. de Saram include $150,000 as housing allowance and $21,097 in payment of payroll tax each under the terms of his employment agreement. The amounts for 2006 also include $19,436 in family travel and $6,300 in golf membership fees. The Company owns a car which is provided for Mr. de Saram s use at a cost of approximately $2,100. Mr. de Saram also received a contribution of $39,242 to, or in lieu of a pension plan. For the other Named Executive Officers, the amount includes: (i) the cost of life insurance premiums paid by the Company on behalf of: (a) Mr. Taranto-$1,038, (b) Mr. Gallagher-$1,038, (c) Mr. Limauro-$1,038, (d) Mr. de Saram-$2,180 and (e) Mr. Shoemaker-$838; and (ii) the following employer contributions to qualified and non- qualified employee savings plans: (a) Mr. Taranto-$30,000, (b) Mr. Gallagher-$14,900, (c) Mr. Limauro-$11,048, and (d) Mr. Shoemaker-$6,056. This amount also includes dividends on restricted shares as follows: Mr. Taranto- $64,800, Mr Gallagher-$11,021, Mr. Limauro-$6,096 and Mr. de Saram-$3,420.

(6) Pursuant to the terms of his employment agreement, Mr. de Saram s 2006 salary was paid in part in U.S. dollars and in part in Great Britain pounds sterling: $200,025 paid in U.S. dollars and £114,015 paid in Great Britain pounds sterling. The portion of his salary that is paid in pounds sterling is converted at the exchange rate in effect at the end of the week when he is paid.

Grants of Plan-Based Awards

The following table sets forth certain information concerning equity and cash awards granted under the Company s 2002 Stock Incentive Plan and the Executive Performance Annual Incentive Plan during 2006 to the Named Executive Officers.

2006 GRANTS OF PLAN-BASED AWARDS

		Estimated Potential Payouts Under Non-Equity Incentive Plan Awards (1)			All Other Stock Awards Number of Shares (#) (2)	Grant Date Fair Value of Share Awards
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**		
Joseph V. Taranto	5/23/06	0		2,500,000	15,000	1,371,150
Craig Eisenacher					0	0
Stephen L. Limauro					0	0
Thomas J. Gallagher					0	0
Mark de Saram					0	0
Keith T. Shoemaker					0	0

(1) Potential award made pursuant to the Executive Performance Annual Incentive Plan. The actual award is shown in the Non-Equity Incentive Compensation Plan column of the Summary Compensation Plan table.

(2) Award of restricted shares made under the 2002 Stock Incentive Plan in fulfillment of the Company s contractual obligations pursuant to the renewal of Mr. Taranto s Employment Agreement. This grant was approved by the Compensation Committee of the Board on May 23, 2006.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2006

	Option Awards				Share Awards	
Name	Number of Securities Underlying Unexercised Options (#) Vested	Number of Securities Underlying Unexercised Options (#) (1) Unvested	Option Exercise Price ($)	Option Expiration Date	Number of Restricted Shares That Have Not Vested (#) (2)	Market Value of Restricted Shares That Have Not Vested ($) (3)
Joseph V. Taranto	200,000	0	66.2300	4/20/2011		
	20,000	20,000	55.5950	9/26/2012		
					96,000	9,418,560
Craig E. Eisenacher	0	0			0	0
Stephen L. Limauro(4)	5,000	0	39.1563	9/26/2007		
	6,000	0	37.4063	9/25/2008		
	8,000	0	30.6250	4/1/2009		
	12,000	0	48.0100	9/21/2011		
	20,000	5,000	55.5950	9/26/2012		
	10,000	15,000	74.3300	9/21/2014		
					8,600	843,746
Thomas J. Gallagher	27,500	0	39.1563	9/26/2007		
	27,500	0	37.4063	9/25/2008		
	30,000	0	30.6250	4/1/2009		
	33,000	0	25.3438	2/23/2010		
	33,000	0	48.0100	9/21/2011		
	13,200	3,300	55.5950	9/26/2012		
					15,440	1,514,818
Mark S. de Saram	7,500	0	30.6250	4/1/2009		
	5,000	0	25.3438	2/23/2010		
	7,500	0	48.0100	9/21/2011		
	8,000	2,000	55.5950	9/26/2012		
	4,800	7,200	74.3300	9/21/2014		
					4,800	470,928
Keith T. Shoemaker	0	1,000	55.5950	9/26/2012		
	0	2,200	73.6150	9/18/2013		
	0	3,300	74.3300	9/21/2014		
	1,100	4,400	95.4850	9/21/2015	0	0

(1) Non-qualified share options become exercisable in 20% increments annually over the first five years of the ten year term commencing with the first anniversary of the grant date, as long as employment with the Company or its subsidiaries continues. These share options were granted with an exercise price equal to

100% of the fair market value of a Common Share on the grant date.

(2) Restricted shares vest at the rate of 20% annually over a five year period. The restrictions on Mr. Taranto's restricted shares will lapse on March 31, 2008 pursuant to his Employment Agreement.

(3) Determined by multiplying the NYSE December 29, 2006 closing price of $98.11 by the number of restricted shares.

(4) Mr. Limauro has announced his intention to retire from the Company on July 13, 2007, at which time his restricted shares and unvested share options will be cancelled. With respect to his vested, unexercised options that are otherwise subject to the terms of his 1995 and 2002 Stock Incentive Plans, the Compensation Committee has extended the time that they may be exercised to the later of the close of trading on April 14, 2008 or nine months following the termination of his employment.

Share Option Exercises And Shares Vested

The following table sets forth certain information concerning the number and value of exercised share options and vested shares at the end of 2006 held by the Named Executive Officers.

2006 OPTION EXERCISES AND SHARES VESTED

	Option Awards		Share Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($) (1)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($) (2)**
Joseph V. Taranto	210,000	11,835,150	25,000	2,414,320
Craig Eisenacher	0	0	0	0
Stephen L. Limauro	0	0	2,600	254,882
Thomas J. Gallagher	0	0	4,880	478,278
Mark de Saram	0	0	1,500	147,066
Keith Shoemaker	8,400	290,322	0	0

(1) Amount reflects the difference between the exercise price of the option and the market price of the shares received at the time of exercise.

(2) Amount reflects the aggregate market share value on the day that the restricted shares vest.

Retirement Plan

All the executive officers of the Company, with the exception of Mr. de Saram, participate in the Everest Reinsurance Company Retirement Plan (the "Retirement Plan") and, except for Mr. de Saram and Mr. Shoemaker, in the Supplemental Retirement Plan (the "Supplemental Plan"), both of which are defined benefit pension plans. As an employee of Bermuda Re, Mr. de Saram is not eligible to participate in the Retirement Plan, and Bermuda Re does not maintain a defined benefit retirement plan. The Retirement Plan is a tax-qualified plan that determines benefits under a formula that takes into account a participant's years of continuous service and final average earnings with Everest Re and certain affiliates, including the participant's period of affiliation with the The Prudential Insurance Company of America ("Prudential"). The Supplemental Plan is a non-qualified plan that provides benefits that would otherwise be provided under the Retirement Plan formula but for the application of certain limitations on tax-qualified benefits under the Internal Revenue Code. The Retirement Plan and the Supplemental Plan are similar to the tax-qualified and supplemental pension plans of Prudential in which the executive officers and other employees of the Company and Everest Re participated prior to the Company's initial public offering. A participant's "final average earnings" under the Retirement Plan will be their average annual "earnings" under the plan during the 72 consecutive months of continuous service in which the participant received the greatest amount of earnings out of the final 120 months of continuous service. For this purpose, "earnings" generally include the participant's base salary, cash bonus payments under the Chief Executive Officer's Bonus Plan (which has been terminated), the Executive Performance Annual Incentive Plan and, for participants who held positions equivalent to or senior to that of department vice president when that position existed, cash payments under the Company's Annual Incentive Plan. "Earnings" does not include any other compensation set forth in the Summary Compensation Table. Final average earnings and earnings will be determined under the Supplemental Plan in the same manner as under the Retirement Plan, except that a participant's earnings are not subject to the limitations under the Internal Revenue Code. "Continuous service" under the Retirement Plan and Supplemental Plan will be the number of years and months worked for Everest Re and certain affiliates, including during the period of affiliation with Prudential.

2006 PENSION BENEFITS TABLE

The table below shows the present value of accumulated benefits payable to each of the Named Executive Officers determined using interest rate and mortality rate assumptions consistent with those in the Company's financial statements and the number of years of service credited to each. A Participant becomes vested in the Supplemental Plan upon reaching five years of service, retirement at age 65 or upon a Change of Control. If a Participant leaves the Company prior to becoming vested in the Supplemental Plan, he receives no benefits.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($) (1)	Payments During Last Fiscal Year ($)
Joseph V. Taranto	Retirement Plan	12.17	355,618	0
	Supplemental Plan		4,443,370	0
Craig E. Eisenacher	Retirement Plan	0	0	0
	Supplemental Plan		0	0
Stephen L. Limauro	Retirement Plan	33.5	1,120,321	0
	Supplemental Plan		2,162,025	
Thomas J. Gallagher	Retirement Plan	31.42	1,258,419	0
	Supplemental Plan		4,264,354	
Mark S. de Saram	None	N/A	0	0
Keith Shoemaker	Retirement Plan	5.34	91,443	0

(1) The assumptions used to calculate present values are generally the same as those used in FAS 87 year end reporting including the discount rate of 5.9% at December 31, 2006; the Form of Payment and the Mortality Table (the sex distinct RP White Collar combined Active/Retiree Healthy Mortality Table projected to 2006 with Scale AA for December 31, 2006). Mr. Limauro and Mr. Gallagher are both eligible to retire with unreduced benefits at age 60, because they have over 30 years of service with Everest Re and certain affiliates including Prudential. Mr. Taranto and Mr. Shoemaker are not eligible to retire with unreduced benefits until age 65. Where a person participates in both the Retirement Plan and the Supplemental Plan, the number of years of credited service is the same for both plans.

2006 NONQUALIFIED DEFERRED COMPENSATION TABLE

The 2006 Nonqualified Deferred Compensation Table shows information about two plans: a nonqualified deferred compensation plan and the Supplemental Savings Plan. The Company's Deferred Compensation Plan was terminated effective December 31, 2005. Mr. Taranto was the only participant and the benefits were paid pursuant to his final election under the plan which occurred in December 2003 deferring his 2005 bonus to 2006. His deferred bonus payment in 2006 exhausted the deferred compensation account. The Supplemental Savings Plan has the same investment elections as the Company's 401(k) plan and is designed to allow each participant to contribute a percentage of his base salary and receive a company match beyond the contribution limits prescribed by the Internal Revenue Service with regard to 401(k) plans.

Name	Executive Contributions in Last Fiscal Year ($)	Registrant Contributions in Last Fiscal Year ($)	Aggregate Earnings in Last Fiscal Year ($)	Aggregate Withdrawals / Distributions ($)	Aggregate Balance at Last Fiscal Year-End ($)
Joseph V. Taranto					
Everest Re Deferred Compensation Plan	0	0	16,142	2,064,709	0
Everest Re Supplemental Savings Plan	23,077	23,400	142,822	0	789,424
Craig Eisenacher					
Everest Re Supplemental Savings Plan	0	0	0	0	0
Stephen L. Limauro					
Everest Re Supplemental Savings Plan	0	4,448	3,418	0	23,837
Thomas J. Gallagher					
Everest Re Supplemental Savings Plan	3,462	8,300	6,002	0	189,711
Mark de Saram					
Everest Re Supplemental Savings Plan	N/A				
Keith T. Shoemaker					
Everest Re Supplemental Savings Plan	N/A				

Employment and Change of Control Agreements—Mr. Taranto

On July 15, 1998, the Company entered into an employment agreement with Mr. Taranto (the "Employment Agreement"). The Employment Agreement was most recently amended on April 5, 2007 to extend his term of employment to December 31, 2009, unless sooner terminated in accordance with its terms. The Employment Agreement provides for a base salary of $1,000,000 per year and states that Mr. Taranto is eligible to participate in the Executive Performance Annual Incentive Plan. Upon entering into the Employment Agreement in July 1998, Mr. Taranto received non-qualified options under the Company's 1995 Stock Incentive Plan to purchase 150,000 Common Shares as a sign-on bonus. Upon execution of the April 20, 2001 amendment extending the term of his employment, he was awarded non-qualified options to purchase 200,000 Common Shares under the same plan. Upon execution of the August 31, 2005 amendment, Mr. Taranto was awarded 40,000 restricted shares under the Company's 2002 Stock Incentive Plan. The Employment Agreement further provides that all restricted shares and option award agreements will vest on March 31, 2008, provided that Mr. Taranto has not been terminated for cause or that such acceleration will not cause the compensation to be treated as "deferred compensation" pursuant to Section 409A of the Internal Revenue Code.

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In connection with the restructuring of the Company in February 2000, Mr. Taranto's Employment Agreement was amended to state that he would be the Chairman and Chief Executive Officer of the Company after the restructuring and that he would provide services to the Company after the restructuring that were comparable to those required under his Employment Agreement prior to the restructuring. As a result, the Company and Everest Holdings are both parties to the Employment Agreement and have co-extensive rights, powers, duties and obligations. The February 2000 amendment made other conforming changes to the Employment Agreement to reflect the restructuring. When the Company established Everest Global as a Delaware subsidiary to perform administrative and back-office functions for the Company and its insurance subsidiaries, Mr. Taranto became an employee of that company and Everest Global became a party to the Employment Agreement.

If the Company terminates Mr. Taranto's employment for due cause (as defined in the Employment Agreement) or if he voluntarily terminates his employment other than for good reason (as defined in the Employment Agreement), Mr. Taranto will be entitled to his base salary due him through the date of termination. If the Company terminates Mr. Taranto's employment other than for due cause, or if he voluntarily terminates his employment for good reason, the Company will be obligated to pay him, in addition to all base salary accrued through the date of termination, (i) the aggregate amount of base salary from the date of termination through December 31, 2009, and (ii) the aggregate bonus amounts due under the appropriate bonus plans or programs through December 31, 2009.

In connection with the execution of the Employment Agreement, the Company and Mr. Taranto also entered into a Change of Control Agreement dated as of July 15, 1998. The Change of Control Agreement provides that if, within one year after the occurrence of a material change (as defined in the agreement), Mr. Taranto terminates his employment for any reason, or if the Company terminates Mr. Taranto's employment for any reason other than for due cause (as defined in the agreement), then (a) all of Mr. Taranto's outstanding share options granted under the Company's share plans shall immediately vest and become exercisable; (b) Mr. Taranto shall receive a cash payment equal to the lesser of (i) 2.99 multiplied by Mr. Taranto's annual compensation for the most recent taxable year ending prior to the date of the material change less the value of Mr. Taranto's gross income in the most recent taxable year ending prior to the date of a material change attributable to his exercise of share options, share appreciation rights and other share-based awards granted Mr. Taranto by the Company or (ii) 2.99 multiplied by Mr. Taranto's "annualized includible compensation for the base period" as that phrase is defined in Section 280G(d) of the Internal Revenue Code; (c) Mr. Taranto shall continue to be covered under the Company's medical and dental insurance plans for a period of three years from the date of termination; and (d) Mr. Taranto shall receive "Special Retirement Benefits" in an amount that will equal the retirement benefits he would have received had he continued in the employ of the Company for three years following his termination under the Everest Reinsurance Retirement Plan and any supplemental, substitute or successor retirement plans adopted by the Company. In the event that the benefits Mr. Taranto receives under the Change of Control Agreement cause Mr. Taranto to receive a "Parachute Payment" within the meaning of Section 280G of the Internal Revenue Code, Mr. Taranto's benefits will be reduced to an amount that is one dollar less than the amount that would cause a Parachute Payment. If an award made under the Change of Control Agreement nevertheless results in an assessment against Mr. Taranto of a "Parachute Tax" pursuant to Section 4999 of the Internal Revenue Code, Mr. Taranto shall be entitled to receive an additional amount of money that would put him in the same net tax position had no Parachute Tax been incurred.

Employment Agreement—Mr. Eisenacher

On November 29, 2006, the Company entered into an employment agreement with Mr. Eisenacher, under which he is to serve as the Executive Vice President and Chief Financial Officer of the Company from December 18, 2006 until December 19, 2008. The agreement provides for an annual salary of $400,000 and a bonus of $275,000 to be paid in March 2007. It also provides an amount not to exceed $50,000 for all relocation expenses and reimbursement for temporary housing for up to 120 days. Under the terms of the Employment Agreement, Mr. Eisenacher was also to be awarded 10,000 non-qualified share options and 15,000 restricted shares under the 2002 Stock Incentive Plan subject to oversight by the Companys' Compensation Committee. At its regular meeting on February 21, 2007 the Compensation Committee proposed and recommended to the Board that these equity awards be granted. The Board of Directors approved and granted these awards at its regular meeting on February 21, 2007.

If the Company terminates Mr. Eisenacher's employment prior to December 19, 2008 for reasons other than misconduct or a breach of the Company's policies, a separation payment of $800,000 will be made. The Company may terminate Mr. Eisenacher's employment for cause as defined in the employment agreement at any time during the term of the agreement without prior notice. Mr. Eisenacher is a participant in the Senior Executive Change of Control Plan (see "Other Change of Control Arrangements").

Employment Agreement—Mr. de Saram

On October 14, 2004, Bermuda Re entered into an employment agreement with Mr. de Saram, which was most recently amended on November 1, 2006, under which he is to serve as the Managing Director and Chief Executive Officer of Bermuda Re until November 1, 2008. As amended, the agreement provides for an annual salary of U.S. $200,000 and GBP £114,015, plus $12,500 per month as a housing allowance. Mr. de Saram is also eligible to participate in the Company's Annual Incentive Plan, which is entirely discretionary in nature and which may be amended or terminated by the Company at any time. Any payments made under the Annual Incentive Plan shall be in U.S. dollars. He is also a participant in the Senior Executive Change of Control Plan. (See "Other Change of Control Arrangements"). Pursuant to his employment agreement, Mr. de Saram participates in the medical insurance, dental insurance and group life insurance plans currently available to other Bermuda Re employees. In lieu of participating in the Bermuda Savings Plan, he receives a monthly payment equal to 10% of his monthly salary, which is paid in Great Britain pounds sterling.

If Bermuda Re terminates Mr. de Saram's employment prior to November 1, 2008 for reasons other than misconduct or a breach of Bermuda Re's policies, a separation payment equivalent to one year's salary will be made and a reasonable allowance will be provided to move his personal possessions back to the United Kingdom. Bermuda Re may terminate Mr. de Saram's employment for cause as defined in the employment agreement at any time during the term of the agreement without prior notice. If Bermuda Re does not renew Mr. de Saram's employment agreement at the expiration of its term and does not offer him employment at the level at which he was employed prior to entering into that agreement, then Bermuda Re will pay Mr. de Saram a sum equal to six month's base salary, plus the reasonable cost of six months of medical insurance.

Other Change of Control Arrangements

The Company established a Senior Executive Change of Control Plan (the "Change of Control Plan"), effective September 28, 1998. The Change of Control Plan is administered by the Compensation Committee, which selects participants from among the senior executives of the Company and its subsidiaries. Among others, the Compensation Committee has selected Mr. Gallagher, Mr. Eisenacher, Mr. Limauro and Mr. de Saram to participate in the plan.

The Change of Control Plan provides that if within two years after the occurrence of a material change (as defined in the plan) a participant terminates his or her employment for good reason (as defined in the plan) or the Company terminates the participant's employment for any reason other than for due cause (as defined in the plan), then (a) all of the participant's outstanding share options granted under the Company's stock plans shall immediately vest and remain exercisable for three months following termination of employment; (b) all restrictions on the participant's restricted shares awarded under the Company's share plans shall immediately terminate and lapse; (c) the participant shall receive a cash payment equal to the participant's average salary and annual incentive bonus for the three most recent taxable years (or such shorter period as may be applicable) multiplied by a number between 2.00 and 2.99 determined by the Compensation Committee (for Mr. Gallagher the number is 2.99 and for Mr. Eisenacher, Mr. Limauro and Mr. de Saram the number is 2.00); (d) the participant shall continue to be covered under the Company's medical and dental insurance plans for a period of two years from the date of termination; and (e) the participant shall receive "special retirement benefits" in an amount that will equal the retirement benefits he or she would have received under the Everest Reinsurance Retirement Plan and any supplemental, substitute or successor plans adopted by the Company had he or she continued in the employ of the Company for a period following termination determined by the Compensation Committee. For Mr. Gallagher, the period is three years and for Mr. Eisenacher, Mr. Limauro and Mr. de Saram, the period is two years.

Potential Payments Upon Termination or Change in Control

The table below shows the incremental amount of compensation that might be paid to each of the Named Executive Officers in the event of termination of his employment. The amounts shown assume that such termination, change in control, death or disability was effective as of December 31, 2006 and includes estimates of amounts to which the Named Executive Officer would be entitled incremental to what he earned during such time. The actual amounts to be paid out can only be determined at the time of such executive's separation from the Company and may be changed at the discretion of the Compensation Committee of the Company's Board of Directors.

Payments Made Upon Termination

Regardless of the manner in which a Named Executive Officer's employment terminates, he is entitled to receive amounts earned during his term of employment. Such amounts include: accrued salary; amounts contributed under the Employee Savings Plan and the Supplemental Savings Plan (See Nonqualified Deferred Compensation Table) and amounts accrued and vested through the Company's Retirement Plan and the Supplemental Retirement Plan. (See Pension Benefits Table.) Survivor annuity is available, if elected by the participant.

Payments Made Upon Retirement

In the event of Retirement, in addition to the items above, all will receive the pension benefits shown in the Pension Benefits Table with a reduction for early retirement. Generally, restricted shares and unexercisable options are cancelled and vested options remain exercisable for 90 days following retirement.

Payments Made Upon Death or Disability

In the event of death or disability, in addition to the benefits listed under the headings above, the Named Executive Officer will receive benefits under the Company's disability plan or payments under the Company's life insurance program, as available to employees generally. In the event of Mr. Taranto's death, the Company will pay his base salary through the end of the month of death. In the event of Mr. Taranto's death or disability, his bonus would be paid on an annualized basis. For 2006, the bonus would have been $2.5 million as reported in the Summary Compensation Table.

In the event of the death or disablity of any of the Named Executive Officers, unvested share options become exercisable and the restrictions on restricted shares lapse. The following table lists the value of equity awards for each Named Executive Officer at the closing price at 2006 year end as if all vested on December 31, 2006. It does not include the unexercised options that have already vested. The option value is the closing price less the option price for each grant and restricted shares are valued at the closing price.

Name	Options ($)	Restricted Shares ($)	Total ($)
Joseph V. Taranto	850,300	9,418,560	10,268,860
Craig E. Eisenacher	0	0	0
Stephen L. Limauro	569,275	843,746	1,413,021
Thomas J. Gallagher	140,300	1,514,818	1,655,118
Mark de Saram	256,426	470,928	727,174
Keith Shoemaker	186,428	0	186,428

Change of Control

As described above, the Company has entered into Change of Control agreements with the Named Executive Officers with the exception of Mr. Shoemaker. Payments are made under the respective Change of Control agreements if Mr. Eisenacher, Mr. Gallagher, Mr. Limauro or Mr. de Saram suffers a covered termination of employment within two years following a change in control. For Mr. Taranto, the term is within one year of a

change in control. The Change of Control agreements provide that payment is capped at one dollar less than the amount that would otherwise trigger a parachute payment under Section 280G of the Internal Revenue Code.

Name	Incremental Benefit	Voluntary Termination ($)	Termination without Cause or Resignation for Good Reason ($)	Termination following Change in Control ($)
Joseph V. Taranto	Cash Payment	0	1,250,000(1)	9,129,601
	Equity Acceleration (2)	0	10,268,860	850,300(3)
	Benefits Continuation	0	0	30,000
	Pension Enhancement	0	0	8,285,000
	Benefits Cutback	N/A	N/A	(0)
	Total Value	0	11,518,860	18,294,901(4)
Craig Eisenacher	Cash Payment	0	800,000(5)	800,000
	Equity Acceleration	0	0	0
	Benefits Continuation	0	0	0
	Pension Enhancement	0	0	0
	Total Value	0	800,000	800,000
Stephen L. Limauro	Cash Payment	0	0	1,264,585(6)
	Equity Acceleration	0	0	1,413,021
	Benefits Continuation	0	0	20,000
	Pension Enhancement	0	0	2,280,000
	Benefits Cutback	N/A	N/A	(2,513,824)
	Total Value	0		2,463,782(4)
Thomas J. Gallagher	Cash Payment	0	0	2,850,467(6)
	Equity Acceleration	0	0	1,655,118
	Benefits Continuation	0	0	20,000
	Pension Enhancement	0	0	5,205,000
	Benefits Cutback	N/A	N/A	(4,354,610)
	Total Value	0	0	5,375,975(4)
Mark de Saram	Cash Payment	0	384,334(7)	944,338(6)
	Equity Acceleration	0	0	727,174
	Benefits Continuation	0	6,427	25,708
	Total Value	0	390,761	1,697,220
Keith Shoemaker (8)	Cash Payment	0	0	0
	Equity Acceleration	0	0	186,428
	Benefits Continuation	0	0	0
	Pension Enhancement	0	0	0
	Total Value	0	0	186,428

(1) If termination is for good reason or without due cause, Mr. Taranto is entitled to the aggregate amount of his base salary from the date of termination through March 31, 2008, which was the expiration date of his Employment Agreement on December 31, 2006.

(2) Accelerated vesting shall be effective only if the operation thereof would not cause the options to be treated, as deferred compensation for purposes of Section 409A of the Internal Revenue Code.

(3) There is provision for vesting of options only in Mr. Taranto's Change of Control agreement.

(4) The terms of the Change of Control Agreement offer a cash payout, vesting of equity awards and enhanced pension and health benefits but the aggregate amount is capped at one dollar less than the amount that would otherwise trigger a parachute payment under Section 280G of the Internal Revenue Code. The amount shown is the lesser of the total value or one dollar less than three times the Named Executive Officer's annualized compensation for the most recent five years.

(5) The terms of Mr. Eisenacher's Employment Agreement provide for payment upon Termination without cause but not for good reason.

(6) The Senior Executive Change of Control Agreement provides for a cash payment that equals the average of the executive's salary and bonus for the previous three years times a factor assigned by the Board. In Mr. Gallagher's case, the factor is 2.99. The factor is 2 for Mr. Limauro, Mr. de Saram and Mr. Eisenacher.

(7) Pursuant to the terms of his Employment Agreement, Mr. de Saram would receive 1 year's salary plus reasonable moving expenses and six months of health benefits, if terminated without cause. There is no provision for payment if Mr. de Saram leaves for good reason.

(8) Mr. Shoemaker does not have a Change of Control agreement but his option award agreements provide for vesting upon a change in control.

Compensation Committee Interlocks and Insider Participation

During 2006, the Compensation Committee was comprised of Martin Abrahams, Kenneth J. Duffy, John R. Dunne and John A. Weber, all of whom are Non-Employee Directors of the Company and none of whom is or has been an officer of the Company. No compensation committee interlocks existed during 2006.

Certain Transactions With Directors

The following transactions during 2006 involving Mr. Galtney, as a non-independent director, and the Company were reviewed, discussed and approved by the Board.

William F. Galtney, Jr., was the President of Gallagher Healthcare Insurance Services, Inc. ("GHIS"), a wholly-owned subsidiary of Arthur J. Gallagher & Co. ("Gallagher") until December 31, 2004. Thereafter, Mr. Galtney continued as Chairman of GHIS until March 31, 2005. Mr. Galtney owns shares in Gallagher representing less than a 1% interest. From April 1, 2005, Mr. Galtney has served as Chairman of Oxford Insurance Services Limited ("Oxford"), a company in which he holds a 99% ownership. In 2006, Everest Re paid brokerage commissions to Gallagher of $3,041,186. Currently, brokerage commission payable to Gallagher is $248,964.

In 2002, GHIS entered into Program Administrator Agreements with Everest National and with Mt. McKinley Managers as underwriting manager for Everest Indemnity (the "Everest Companies"). Under these agreements in 2006, the Everest Companies recorded $2,449,771 in gross written premiums and related commissions and fees of $543,860 payable to GHIS, of which $151,803 was paid in 2006.

On May 27, 2005, this business was assumed by Oxford as the managing general agent and GHIS became the producing broker for Oxford. In 2005, the Everest Companies entered into a program administrator agreement with Oxford. Under these agreements, policies placed by Oxford with the Everest Companies are generally reinsured under an 82% quota share treaty by Transatlantic Reinsurance Company, which then reinsures up to 100% of the assumed risk with Sunrise Professional Indemnity, Ltd. ("Sunrise"), a Cayman reinsurance company owned by WFG Interests, LLC, which is owned by Mr. Galtney. Mr. Galtney owns 53% of Medical Risk Indemnity, SPC, a Cayman Islands reinsurer whose sole business is assumption of a percentage of the risk of two of the policies reinsured by Sunrise. Under these agreements with Oxford in 2006, the Everest Companies recorded $43,867,521 in gross written premiums and $3,305,360 in related commissions and fees to Oxford and paid to Oxford $4,175,182 in related commissions and fees in 2006.

GHIS has also entered into a subproducer agreement with Oxford pursuant to which GHIS acts as agent for Oxford with respect to its agreements with the Everest Companies. Under this agreement, the Company recorded $1,584,597 and paid $1,741,937 in commissions to GHIS on behalf of Oxford in 2006. It is anticipated that the estimated gross written premiums and related commissions and fees for 2007 for the Oxford and GHIS agreements with the Everest Companies will be approximately $24.4 million and $2.2 million respectively. GHIS, through its Western Litigation Specialists division ("WLS"), provides claims services for medical malpractice policies issued under both the GHIS and Oxford agreements. Total fees paid to WLS in 2006 were $511,124.

GHIS was the producing agent for workers compensation, general liability and automobile risks written by the Everest Companies for Rural/Metro Corporation (Rural Metro). The workers compensation component of the program did not renew in May 2004. The general liability and automobile risks components did not renew in June 2006. In 2006, the Company recorded $248,638 in return premiums in connection with GHIS and paid no related commissions. Furthermore in 2006, the Company paid an additional $46,875 in related Rural Metro commissions to GHIS from Oxford under their respective service agreement. Under the Oxford Agreements with the Everest Companies, the Company recorded no written premium in 2006, but paid $31,250 of related commissions to Oxford.

Gallagher Bassett Services, Inc. (Gallagher Bassett), a Gallagher affiliate, provides claims services for the Rural Metro program mentioned above, for Everest Indemnity s All Risks, Ltd. Program, for Everest National s Risk Services, LLC, and for Everest National s Tangram Program Managers. Mr. Galtney does not have any affiliation with All Risks, Ltd, Risk Services, LLC, or with Tangram Program Managers. Total fees paid to Gallagher Bassett in 2006 were $1,679,148. Estimated fees for 2007 are $1,992,533.

Everest Indemnity, through Mt. McKinley Managers, wrote a surplus lines medical malpractice book of business in Arizona known as APIC through SKANCO, a surplus lines producer affiliate of Gallagher. Under these agreements in 2006, written premium was $2,602,484 with related commissions of $65,062. Estimated premium and commissions for 2007 are $3,086,524 and $77,163, respectively.

In addition to the above, Everest does business with several Gallagher-affiliated Custom Accounts out of the Western Regional Office. Under these accounts in 2006, the Everest Companies recorded $2,702,767 in gross written premiums with related commissions and fees to these agents of $290,146.

PROPOSAL NO. 2 APPOINTMENT OF INDEPENDENT AUDITORS

The Board of Directors recommends that you vote FOR the appointment of PricewaterhouseCoopers LLP as the Company s independent, registered public accounting firm to serve as the Company s auditor for the year ending December 31, 2007 and the authorization of the Board of Directors acting by the Audit Committee of the Board of Directors to set the fees for the independent, registered public accounting firm serving as the Company s auditor. Proxies will be so voted unless shareholders specify otherwise in their proxies.

The Company s independent, registered public accounting firm has been appointed to serve as the Company s auditor each year at the Annual General Meeting of Shareholders pursuant to the Board s recommendation, which is based on the recommendation of the Audit Committee. For the 2007 Annual General Meeting, and in accordance with the Sarbanes-Oxley Act of 2002 (Sarbanes Oxley), the Audit Committee has evaluated the performance and independence of PricewaterhouseCoopers LLP and has recommended their appointment as the Company s independent, registered public accounting firm to serve as auditor for the year ending December 31, 2007. In making its recommendation, the Audit Committee reviews both the audit scope and estimated fees for professional services for the coming year. Representatives of PricewaterhouseCoopers LLP will be present at the 2007 Annual General Meeting, will have the opportunity to make a statement if they so desire and will be available to respond to appropriate questions from shareholders.

MISCELLANEOUS GENERAL MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company s Named Executive Officers, and directors and persons who own more than ten percent of a registered class of the Company s equity securities, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC and the NYSE. Named Executive Officers, directors and greater than ten percent shareholders are required by SEC regulation to furnish the Company with copies of all Forms 3, 4 and 5 they file.

Based solely on the Company s review of the copies of the forms it has received and representations that no other reports were required, the Company believes that all of its executive officers and directors have filed with the SEC on a timely basis all required Forms 3, 4 and 5 with respect to transactions during fiscal year 2006 with the exception

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of a Form 4 that was filed late on behalf of Mr. Taranto, due to administrative error. It is also the Company's understanding that Oppenheimer Funds, Inc., a greater than ten percent owner, failed to file a Form 3.

Shareholder Proposals for the 2008 Annual General Meeting of Shareholders

To be considered for inclusion in the Company's Proxy Statement and Proxy Card relating to the 2008 Annual General Meeting of Shareholders, a shareholder proposal must be received by the Secretary of the Company in proper form at the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, no later than December 15, 2007.

The proxy solicited by the Board relating to the 2008 Annual General Meeting of Shareholders shall confer discretionary authority to vote on a shareholder proposal if the Secretary of the Company receives notice of that proposal after March 1, 2008.

Proxy Solicitations

The expense of this proxy solicitation will be borne by the Company. In addition to solicitation by mail, proxies may be solicited in person or by telephone, facsimile or mail by directors or officers who are employees of the Company without additional compensation. Georgeson Shareholder Communications Inc. will provide solicitation services to the Company for a fee not to exceed $6,000 plus out-of-pocket expenses. The firm will solicit proxies by personal interview, telephone, facsimile and mail. The Company will, on request, reimburse shareholders of record who are brokers, dealers, banks or voting trustees, or their nominees, for their reasonable expenses in sending proxy materials and annual reports to the beneficial owners of the shares they hold of record.

Transfer Agent and Registrar

The Company has appointed Computershare Trust Company, N.A. (formerly known as Equiserve Trust Company, N.A.) to serve as transfer agent, registrar and dividend paying agent for the Common Shares. Correspondence relating to any share accounts or dividends should be addressed to:

Computershare Trust Company, N.A.
Shareholder Services
P.O. Box 43069
Providence, Rhode Island 02940
(800) 519-3111
(781) 575-2726

All transfers of certificates for Common Shares should also be mailed to the above address.

By Order of the Board of Directors
Sanjoy Mukherjee
Secretary

April 13, 2007

APPENDIX A

CORPORATE GOVERNANCE GUIDELINE ON DIRECTOR INDEPENDENCE

A majority of the Board shall be composed of "independent" directors, as that term is defined from time to time by the listing standards of the NYSE. As required by such listing standards, in assessing independence, the Board shall make a determination whether a director has any material relationship with the Company (directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). In making this determination, absent other considerations, the Board will deem a director to be independent if either the director or a member of his immediate family:

- Has not been employed by the Company, any of its affiliates or the Company's external auditor at any time during the past three years;

- Has not received more than $100,000 per year from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

- Is not, and in the past three years has not been, part of an interlocking directorate in which an executive officer of the Company serves on the compensation committee of another company that concurrently employs such director or director's immediate family member;

- Does not, and in the past three years has not, provided legal, consulting, investment banking, commercial banking, accounting or other professional services to the Company or any of its subsidiaries or affiliates, and is not a director, executive officer, general partner or significant equity holder of an entity that has provided legal, consulting, investment banking, accounting or other professional services in amounts which exceed the greater of $1,000,000 or 2% of such other company's consolidated gross revenues; for purposes of this and the succeeding paragraph, direct or indirect beneficial ownership of an interest representing 10% of the equity or the voting interests of an entity will generally be considered a significant equity holding;

- Is not, and in the past three years has not been, a director, executive officer, general partner or significant equity holder of a company that makes payments to, or receives payments from, the Company or any of its affiliates, for property or services in an amount which, exceeds the greater of $1 million or 2% of such other company's consolidated gross revenues; and

- Is not, and in the past three years has not been, an employee, officer or director of a foundation, university or other non-profit organization that has received grants or endowments from the Company or any of its subsidiaries or affiliates in annual amounts which exceed the greater of $1,000,000 or 2% of the organization's annual gross revenues.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. X

Annual General Meeting Proxy Card

\/ **PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** \/

Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposal 2.

1. Election of Directors:	For	Withhold		For	Withhold
01 - Kenneth J. Duffy (term ends in 2010)	O	O	02 - Joseph V. Taranto (term ends in 2010)	O	O

	For	Against	Abstain
2. To appoint PricewaterhouseCoopers LLP as the Company s registered public accounting firm for the year ending December 31, 2007 and authorize the Board of Directors acting by the Audit Committee of the Board to set the fees for the registered public accounting firm.	O	O	O

Non-Voting Items

Change of Address Please print new address below.

Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below.	Signature 1 Please keep signature within the box.	Signature 2 Please keep signature within the box.

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\/ **PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** \/

Proxy Everest Re Group, Ltd.

Annual General Meeting of Shareholders

May 23, 2007, 1:00 p.m.
Wessex House, 45 Reid Street
Hamilton HM 12, Bermuda
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints J.V. Taranto, C. Eisenacher, and S. Mukherjee, and each of them, as proxies of the undersigned, each with full power to act without the others and with full power of substitution, to vote all the Common Shares of EVEREST RE GROUP, LTD. held in the name of the undersigned at the close of business on March 27, 2007, at the Annual General Meeting of Shareholders to be held on May 23, 2007, at the Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda at 1:00 p.m. (local time), and at any adjournment or postponement thereof, with all the powers the undersigned would have if personally present, on the matters set forth hereon in accordance with any directions given by the undersigned and, in their discretion, on all other matters that may properly come before the Annual General Meeting, all in accordance with the accompanying Notice and Proxy Statement, receipt of which is acknowledged.

In their discretion, upon such other matters as may properly come before the meeting, and any and all adjournments thereof, all in accordance with the accompanying Notice and Proxy Statement, receipt of which is acknowledged. **IF THIS PROXY IS PROPERLY EXECUTED AND RETURNED, THE SHARES REPRESENTED THEREBY WILL BE VOTED. IF A CHOICE IS SPECIFIED BY THE SHAREHOLDER, THE SHARES WILL BE VOTED ACCORDINGLY. IF NOT OTHERWISE SPECIFIED, THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED FOR ITEMS 1, AND 2. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.**

You are encouraged to specify your choices by marking the appropriate boxes (SEE REVERSE SIDE), but you need not mark any box if you wish to vote in accordance with the Board of Directors recommendations. THE PROXIES CANNOT VOTE YOUR SHARES UNLESS YOU SIGN AND RETURN THIS CARD.

(Items to be voted appear on reverse side.)