EVEREST INTERNATIONAL REINSURANCE, LTD.

(a wholly owned subsidiary of Everest Re Group, Ltd.)

GAAP Financial Statements

For the Years Ended December 31, 2021 and 2020 pwc

Report of Independent Auditors

To the Board of Directors of Everest International Reinsurance, Ltd.

Opinion

We have audited the accompanying financial statements of Everest International Reinsurance, Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and comprehensive income (loss), of changes in shareholder's equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the Company has entered into significant transactions with related parties. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Information

Accounting principles generally accepted in the United States of America require that the information about incurred and paid claims development for the years ended December 31, 2012 to December 31, 2020 on pages 16 and 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PricewaterhouseCoopers LLP

April 27, 2022

EVEREST INTERNATIONAL REINSURANCE, LTD.
BALANCE SHEETS

(Dollars in thousands)	December 31, 2021	December 31, 2020
ASSETS:		
Fixed maturities - available for sale	$ 2,043,616	$ 2,005,497
(amortized cost: 2021, $2,014,199; 2020, $1,874,972, credit allowances: 2021, $0; 2020, $0)		
Other invested assets	259,736	87,562
Other invested assets, at fair value	-	2,275,348
Short-term investments (cost: 2021, $11; 2020, $9)	11	9
Cash	77,567	60,267
Total investments and cash	2,380,930	4,428,683
Accrued investment income	13,956	13,079
Premiums receivable	659,374	333,558
Reinsurance recoverables	-	24,582
Funds held by reinsureds	41,725	27,710
Deferred acquisition costs	175,755	70,082
Prepaid reinsurance premiums	-	2,947
Other assets	88,181	48,899
TOTAL ASSETS	$ 3,359,921	$ 4,949,540
LIABILITIES:		
Reserve for losses and loss adjustment expenses	1,673,670	$ 1,245,737
Unearned premium reserve	620,658	312,292
Funds held under reinsurance treaties	-	258
Losses in course of payment	28,480	13,320
Other liabilities	13,859	5,769
Total liabilities	2,336,667	1,577,376
Commitments and contingencies (Note 10)		
SHAREHOLDER'S EQUITY:		
Common shares, par value: $1.00; 1,564,000 issued and outstanding (2021 and 2020)	1,564	1,564
Preferred shares, par value: $1,000,000; 10,000 shares authorized, 0 shares issued and outstanding (2021); 2,023.214 shares issued and outstanding (2020)	-	2,023,214
Additional paid-in capital	519,851	519,851
Accumulated other comprehensive income (loss)	29,418	130,526
Retained earnings	472,421	697,009
Total shareholder's equity	1,023,254	3,372,164
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 3,359,921	$ 4,949,540

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

EVEREST INTERNATIONAL REINSURANCE, LTD.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Dollars in thousands)	Years Ended December 31, 2021	2020
REVENUES:		
Premiums earned	$ 893,304	$ 546,116
Net investment income	44,639	97,584
Net realized capital gains (losses):		
Credit allowances on fixed maturity securities	-	-
Other net realized capital gains (losses)	22,592	(419,757)
Total net realized capital gains (losses)	22,592	(419,757)
Other income (expense)	9,094	(21,770)
Total revenues	969,629	202,173
CLAIMS AND EXPENSES:		
Incurred losses and loss adjustment expenses	680,345	470,287
Commission, brokerage, taxes and fees	237,130	132,405
Other underwriting expenses	2,368	1,496
Total claims and expenses	919,843	604,188
INCOME (LOSS) BEFORE TAXES	49,786	(402,015)
Income tax expense (benefit)	42	41
NET INCOME (LOSS)	$ 49,744	$ (402,056)
Other comprehensive income (loss), net of tax:		
Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period	(100,714)	95,247
Less: reclassification adjustment for realized losses (gains) included in net income (loss)	(394)	4,228
Total URA(D) on securities arising during the period	(101,108)	99,475
Total other comprehensive income (loss), net of tax	(101,108)	99,475
COMPREHENSIVE INCOME (LOSS)	$ (51,364)	$ (302,581)

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

EVEREST INTERNATIONAL REINSURANCE, LTD.
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

(Dollars in thousands, except share amounts)	Years Ended December 31, 2021	2020
COMMON SHARES (shares outstanding):		
Balance, beginning of period	1,564,000	1,564,000
Issued during the period, net	-	-
Balance, end of period	1,564,000	1,564,000
COMMON SHARES (par value):		
Balance, beginning of period	$ 1,564	$ 1,564
Issued during the period, net	-	-
Balance, end of period	1,564	1,564
PREFERRED SHARES (par value);		
Balance, beginning of period	2,023,214	2,023,214
Issued (redeemed) during the period, net	(2,023,214)	-
Balance, end of period	-	2,023,214
ADDITIONAL PAID-IN CAPITAL:		
Balance, beginning of period	519,851	449,851
Net increase (decrease) during the period	-	70,000
Balance, end of period	519,851	519,851
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):		
Balance, beginning of period	130,526	31,051
Net increase (decrease) during the period	(101,108)	99,475
Balance, end of period	29,418	130,526
RETAINED EARNINGS:		
Balance, beginning of period	697,009	1,130,424
Net income (loss)	49,744	(402,056)
Dividends to Parent	(274,332)	-
Dividends paid to preferred stockholders	-	(31,360)
Balance, end of period	472,421	697,009
TOTAL SHAREHOLDER'S EQUITY, END OF PERIOD	$ 1,023,254	$ 3,372,164

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

EVEREST INTERNATIONAL REINSURANCE, LTD.
STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Years Ended December 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 49,744	$ (402,056)
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease (increase) in premiums receivable	(318,900)	(128,940)
Decrease (increase) in funds held by reinsureds, net	(14,273)	(7,018)
Decrease (increase) in reinsurance recoverables	24,583	4,340
Increase (decrease) in reserve for losses and loss adjustment expenses	427,933	368,740
Increase (decrease) in unearned premiums	308,366	74,370
Increase (decrease) in losses in course of payment	15,160	7,020
Change in equity adjustments in limited partnerships	(2,848)	(874)
Distribution of limited partnership income	6,215	2,102
Change in other assets and liabilities, net	(142,632)	(42,987)
Amortization of bond premium (accrual of bond discount)	11,846	9,398
Net realized capital (gains) losses	(22,592)	419,757
Net cash provided by (used in) operating activities	342,602	303,852
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from fixed maturities matured/called - available for sale	342,714	221,719
Proceeds from fixed maturities sold - available for sale	33,575	27,498
Distributions from other invested assets	227,808	215,460
Cost of fixed maturities acquired - available for sale	(526,969)	(505,376)
Cost of other invested assets acquired	(405,826)	(285,286)
Net change in short-term investments	(2)	(6)
Net change in securities transactions	920	(410)
Net cash provided by (used in) investing activities	(327,780)	(326,401)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from Parent	-	70,000
Dividends paid to preferred shareholders	-	(31,360)
Net cash provided by (used in) financing activities	-	38,640
EFFECT OF EXCHANGE RATE CHANGES ON CASH	2,478	(3,178)
Net increase (decrease) in cash	17,300	12,913
Cash, beginning of period	60,267	47,354
Cash, end of period	$ 77,567	$ 60,267
NON-CASH TRANSACTIONS:		
Transfer of other invested assets, at fair value to redeem outstanding preferred stock issued to Everest Preferred International Holdings ("EPIH"), an affiliated company	$ (2,023,214)	$ -
Dividend of other invested assets, at fair value to Group, its Parent company	(274,332)	-

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

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Business and Basis of Presentation.

Everest International Reinsurance, Ltd. (the “Company” or “Everest International”), a Bermuda insurance company and direct wholly owned subsidiary of Everest Re Group, Ltd. (“Group”) is registered as a Class 4 general insurer. The Company’s operations include the reinsuring of property and casualty products. Currently, this business is the result of quota share reinsurance agreements with the following affiliates: (1) Everest Reinsurance Company (“Everest Re”), (2) Everest Reinsurance (Bermuda), Ltd. (“Bermuda Re”), (3) Everest Reinsurance Company (Ireland) dac (“Ireland Re”) and (4) Everest Insurance (Ireland) dac (“Ireland Insurance).

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). All amounts are reported in U.S. dollars.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Ultimate actual results could differ, possibly materially, from those estimates.

B. Investments.

Fixed maturity investments available for sale reflect unrealized appreciation and depreciation, as a result of changes in market value during the period, in shareholder’s equity in “accumulated other comprehensive income (loss)” in the balance sheets, since cash flows from these investments will be primarily used to settle its reserve for losses and loss adjustment expense liabilities. The Company anticipates holding these investments for an extended period as the cash flow from interest and maturities will fund the projected payout of these liabilities. The Company reviews all of its fixed maturity, available for sale securities whose fair value has fallen below their amortized cost at the time of review. The Company then assesses whether the decline in value is due to non-credit related or credit related factors. In making its assessment, the Company evaluates the current market and interest rate environment as well as specific issuer information. Generally, a change in a security’s value caused by a change in the market, interest rate or foreign exchange environment does not constitute a credit impairment, but rather a non-credit related decline in market value. Non-credit related declines in market value are recorded as unrealized losses in accumulated other comprehensive income (loss). If the Company intends to sell the impaired security or is more likely than not to be required to sell the security before an anticipated recovery in value, the Company records the entire impairment in net realized capital gains (losses) in the Company’s statements of operations and comprehensive income (loss). If the Company determines that the decline is credit related and the Company does not have the intent to sell the security; and it is more likely than not that the Company will not have to sell the security before recovery of its cost basis, the Company establishes a credit allowance equal to the estimated credit loss and is recorded in net realized capital gains (losses) in the Company’s statements of operations and comprehensive income (loss). The amount of the allowance for a given security will generally be the difference between a discounted cash flow model and the Company’s carrying value. The fair value adjustment that is non-credit related is recorded as a component of other comprehensive income (loss), net of tax, and is included in accumulated other comprehensive income (loss) in the Company’s balance sheets. The Company will adjust the credit allowance account for future changes in credit loss estimates for a security and record this adjustment through net realized capital gains (losses) in the Company’s statements of operations and comprehensive income (loss).

Interest income on all fixed maturities is included as part of net investment income in the statements of operations and comprehensive income (loss). Short-term investments are stated at cost, which approximates market value. Realized gains or losses on sales of investments are determined on the basis of identified cost. For publicly traded securities, market value is based on quoted market prices or valuation models that use observable market inputs. Retrospective adjustments are employed to recalculate the values of asset-backed securities. Each acquisition lot is reviewed to recalculate the effective yield. The recalculated effective yield is used to derive a book value as if the new yield were applied at the time of acquisition. Outstanding principal factors from the time of acquisition to the adjustment date are used to calculate the prepayment history for all applicable securities. Conditional prepayment rates, computed with life to date factor histories and weighted average maturities, are used to effect the calculation of projected and prepayments for pass-through security types. Other invested assets include limited partnerships and a private placement liquidity sweep facility. Cash contributions to and cash distributions from the sweep facility were reported gross in cash flows from investing activities in the statements of cash flows. Limited partnerships are accounted for under the equity method of accounting, which can be recorded on a monthly or quarterly lag. The other invested assets, at fair value, represent shares of Group stock held by the Company.

C. Deferred Acquisition Costs.

Acquisition costs, consisting principally of commissions and brokerage expenses and certain premium taxes and fees incurred at the time a contract or policy is issued and that vary with and are directly related to the Company's reinsurance and insurance business, are deferred and amortized over the period in which the related premiums are earned. Deferred acquisition costs are limited to their estimated realizable value by line of business based on the related unearned premiums, anticipated claims and claim expenses and anticipated investment income.

D. Reserve for Losses and Loss Adjustment Expenses.

The reserve for losses and loss adjustment expenses ("LAE") is based on individual case estimates and reports received from ceding companies. A provision is included for losses and LAE incurred but not reported ("IBNR") based on past experience. Provisions are also included for certain potential liabilities, including those relating to catastrophe exposures and COVID-19 exposures, for which liabilities cannot be estimated using traditional reserving techniques. See also Note 3. The reserves are reviewed periodically and any changes in estimates are reflected in earnings in the period the adjustment is made. The Company's loss and LAE reserves represent management's best estimate of the ultimate liability. Loss and LAE reserves are presented gross of reinsurance recoverable and incurred losses and LAE are presented net of reinsurance.

Accruals for commissions are established for reinsurance contracts that provide for the stated commission percentage to increase or decrease based on the loss experience of the contract. Changes in estimates for such arrangements are recorded as commission expense. Commission accruals for contracts with adjustable features are estimated based on expected loss and LAE.

E. Premium Revenues.

Written premiums are earned ratably over the periods of the related insurance and reinsurance contracts. Unearned premium reserves are established relative to the unexpired contract period. For reinsurance contracts, such reserves are established based upon reports received from ceding companies or estimated using pro rata methods based on statistical data. Reinstatement premiums represent additional premium recognized and earned at the time a loss event occurs and losses are recorded, most prevalently catastrophe related, when limits have been depleted under the original reinsurance contract and additional coverage is granted. The recognition of reinstatement premiums is based on estimates of loss and LAE, which reflects management's judgement. Written and earned premiums and the related costs, which have not yet been reported to the Company, are estimated and accrued. Premiums are net of ceded reinsurance.

F. Prepaid Reinsurance Premiums.

Prepaid reinsurance premiums represent unearned premium reserves ceded to other reinsurers.

G. Income Taxes.

Under the current Bermuda law, no income or capital gains taxes are imposed on the Company. The Minister of Finance of Bermuda has also assured the Company that, pursuant to the Exempted Undertakings Tax Protection Amendment Act of 2011, they will be exempt until 2035 from any such taxes imposed in the future.

H. Foreign Currency.

Gains and losses resulting from foreign currency transactions, other than debt securities available for sale, are recorded through the statements of operations and comprehensive income (loss) in other income (expense). Gains and losses resulting from changes in the foreign currency exchange rates on debt securities, available for sale at market value, are recorded in the balance sheets in accumulated other comprehensive income (loss) as unrealized appreciation (depreciation) and any losses which are deemed credit related are charged to net income (loss) as net realized capital loss.

2. INVESTMENTS

The tables below present the amortized cost, allowance for credit losses, gross unrealized appreciation/(depreciation) and market value of fixed maturity securities as of December 31, 2021 and 2020.

	At December 31, 2021				
(Dollars in thousands)	Amortized Cost	Allowance for Credit Losses	Unrealized Appreciation	Unrealized Depreciation	Market Value
Fixed maturity securities					
U.S. Treasury securities and obligations of					
U.S. government agencies and corporations	$ 38,586	$ -	$ 549	$ -	$ 39,135
U.S. corporate securities	638,926	-	20,245	(5,081)	654,090
Asset-backed securities	29,277	-	346	(146)	29,477
Mortgage-backed securities					
Commercial	81,320	-	1,911	(156)	83,075
Agency residential	241,841	-	3,151	(1,650)	243,342
Non-agency residential	5	-	-	-	5
Foreign government securities	160,900	-	6,025	(1,450)	165,475
Foreign corporate securities	823,344	-	19,690	(14,017)	829,017
Total fixed maturity securities	$ 2,014,199	$ -	$ 51,917	$ (22,500)	$ 2,043,616

	At December 31, 2020				
(Dollars in thousands)	Amortized Cost	Allowance for Credit Losses	Unrealized Appreciation	Unrealized Depreciation	Market Value
Fixed maturity securities					
U.S. Treasury securities and obligations of					
U.S. government agencies and corporations	$ 75,605	$ -	$ 2,298	$ -	$ 77,903
U.S. corporate securities	642,721	-	48,699	(638)	690,782
Asset-backed securities	19,750	-	828	-	20,578
Mortgage-backed securities					
Commercial	60,383	-	4,611	(4)	64,990
Agency residential	303,853	-	7,290	(185)	310,958
Non-agency residential	5	-	-	-	5
Foreign government securities	165,342	-	17,680	(814)	182,208
Foreign corporate securities	607,313	-	53,084	(2,324)	658,073
Total fixed maturity securities	$ 1,874,972	$ -	$ 134,490	$ (3,965)	$ 2,005,497

The amortized cost and market value of fixed maturity securities are shown in the following table by contractual maturity. Mortgage-backed securities are generally more likely to be prepaid than other fixed maturity securities. As the stated maturity of such securities may not be indicative of actual maturities, the totals for mortgage-backed and asset-backed securities are shown separately.

	At December 31, 2021		At December 31, 2020	
(Dollars in thousands)	Amortized Cost	Market Value	Amortized Cost	Market Value
Fixed maturity securities – available for sale				
Due in one year or less	$ 154,485	$ 157,816	$ 165,768	$ 165,502
Due after one year through five years	813,854	832,336	740,160	793,948
Due after five years through ten years	611,537	617,996	530,912	590,381
Due after ten years	81,880	79,569	54,141	59,135
Asset-backed securities	29,277	29,477	19,750	20,578
Mortgage-backed securities				
Commercial	81,320	83,075	60,383	64,990
Agency residential	241,841	243,342	303,853	310,958
Non-agency residential	5	5	5	5
Total fixed maturity securities	$ 2,014,199	$ 2,043,616	$ 1,874,972	$ 2,005,497

The changes in net unrealized appreciation (depreciation) for the Company's investments are derived from the following sources for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Increase (decrease) during the period between the market value and cost of investments carried at market value:		
Fixed maturity securities	$ (101,108)	$ 99,475
Change in unrealized appreciation (depreciation), included in shareholder's equity	$ (101,108)	$ 99,475

The tables below display the aggregate market value and gross unrealized depreciation of fixed maturity securities, by security type and contractual maturity, in each case subdivided according to length of time that individual securities had been in a continuous unrealized loss position for the periods indicated.

	Duration of Unrealized Loss at December 31, 2021 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ -	$ -	$ -	$ -	$ -	$ -
U.S. corporate securities	148,520	(4,560)	6,747	(521)	155,267	(5,081)
Asset-backed securities	17,237	(146)	-	-	17,237	(146)
Mortgage-backed securities						
Commercial	18,634	(111)	685	(45)	19,319	(156)
Agency residential	82,798	(1,031)	30,532	(619)	113,330	(1,650)
Non-agency residential	-	-	-	-	-	-
Foreign government securities	26,414	(1,450)	-	-	26,414	(1,450)
Foreign corporate securities	326,646	(13,570)	2,430	(447)	329,076	(14,017)
Total fixed maturity securities	$ 620,249	$ (20,868)	$ 40,394	$ (1,632)	$ 660,643	$ (22,500)

	Duration of Unrealized Loss at December 31, 2021 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities						
Due in one year or less	$ 13,410	$ (181)	$ 3,314	$ (333)	$ 16,724	$ (514)
Due in one year through five years	192,031	(5,928)	1,849	(351)	193,880	(6,279)
Due in five years through ten years	228,225	(9,929)	3,608	(260)	231,833	(10,189)
Due after ten years	67,914	(3,542)	406	(24)	68,320	(3,566)
Asset-backed securities	17,237	(146)	-	-	17,237	(146)
Mortgage-backed securities	101,432	(1,142)	31,217	(664)	132,649	(1,806)
Total fixed maturity securities	$ 620,249	$ (20,868)	$ 40,394	$ (1,632)	$ 660,643	$ (22,500)

The aggregate market value and gross unrealized losses related to investments in an unrealized loss position at December 31, 2021 were $660.6 million and $22.5 million, respectively. The market value of securities for the single issuer whose securities comprised the largest unrealized loss position at December 31, 2021, did not exceed 1.1% of the overall market value of the Company's fixed maturity securities. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The $20.9 million of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were generally comprised of foreign and domestic corporate securities, foreign government securities and agency residential mortgage-backed securities. Of these unrealized losses, $20.9 million were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. The $1.6 million of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to agency residential mortgage-backed securities, as well as domestic and foreign corporate securities. All of these unrealized losses were rated investment grade by at least one nationally recognized statistical rating agency. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments.

The Company, given the size of its investment portfolio and capital position, does not have the intent to sell these securities; and it is more likely than not that the Company will not have to sell the security before recovery of its cost basis. In addition, all securities currently in an unrealized loss position are current with respect to principal and interest payments.

The tables below display the aggregate market value and gross unrealized depreciation of fixed maturity securities, by security type and contractual maturity, in each case subdivided according to length of time that individual securities had been in a continuous unrealized loss position for the periods indicated.

	Duration of Unrealized Loss at December 31, 2020 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ -	$ -	$ -	$ -	$ -	$ -
U.S. corporate securities	8,192	(91)	7,588	(547)	15,780	(638)
Asset-backed securities	-	-	-	-	-	-
Mortgage-backed securities						
Commercial	726	(4)	-	-	726	(4)
Agency residential	41,900	(164)	1,607	(21)	43,507	(185)
Non-agency residential	5	-	-	-	5	-
Foreign government securities	-	-	13,423	(814)	13,423	(814)
Foreign corporate securities	-	-	23,115	(2,324)	23,115	(2,324)
Total fixed maturity securities	$ 50,823	$ (259)	$ 45,733	$ (3,706)	$ 96,556	$ (3,965)

(Dollars in thousands)	Duration of Unrealized Loss at December 31, 2020 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities						
Due in one year or less	$ -	$ -	$ 35,825	$ (3,305)	$ 35,825	$ (3,305)
Due in one year through five years	-	-	8,301	(380)	8,301	(380)
Due in five years through ten years	3,184	(63)	-	-	3,184	(63)
Due after ten years	5,008	(28)	-	-	5,008	(28)
Asset-backed securities	-	-	-	-	-	-
Mortgage-backed securities	42,631	(168)	1,607	(21)	44,238	(189)
Total fixed maturity securities	$ 50,823	$ (259)	$ 45,733	$ (3,706)	$ 96,556	$ (3,965)

The aggregate market value and gross unrealized losses related to investments in an unrealized loss position at December 31, 2020 were $96.6 million and $4.0 million, respectively. The market value of securities for the single issuer whose securities comprised the largest unrealized loss position at December 31, 2020, did not exceed 0.5% of the overall market value of the Company's fixed maturity securities. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The $0.3 million of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were generally comprised of agency residential mortgage-backed securities. Of these unrealized losses, $0.2 million were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. The $3.7 million of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to foreign corporate securities. All of these unrealized losses were rated investment grade by at least one nationally recognized statistical rating agency. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments.

The Company's other invested assets at December 31, 2021 and 2020 included $66.0 million and $18.4 million, respectively, related to a private placement liquidity sweep facility. The primary purpose of the facility is to enhance the Company's return on its short-term investments and cash positions. The facility invests in high quality, short-duration securities and permits daily liquidity.

The Company's other invested assets, at fair value, as of December 31, 2020 was comprised of 9,719,971 shares of Group Stock. The fair value of the Group Stock was $2.3 billion at December 31, 2020.

During 2021, the Company transferred 8,642,891 shares of Group stock to Everest Preferred International Holdings ("EPIH"), a Bermuda based company and direct subsidiary of Group, as consideration to redeem preferred stock previously issued to EPIH. Also, 1,077,080 shares of Group stock were transferred to Group as a non-cash dividend. As a result of these transactions, the Company held no shares of Group stock as of December 31, 2021. See also Note 11 – Related-Party Transactions.

The components of net investment income are presented in the table below for the periods indicated:

(Dollars in thousands)	Years Ended December 31, 2021	2020
Fixed maturity securities	$ 39,946	$ 38,463
Short-term investments and cash	(95)	66
Other invested assets		
Dividends from Parent	3,339	60,264
Limited partnerships	2,848	827
Other	32	64
Gross investment income	46,070	99,684
Investment expenses	(1,431)	(2,100)
Net investment income	$ 44,639	$ 97,584

The Company records results from its limited partnership investment on the equity method of accounting with changes in value reported through net investment income. Due to the timing of receiving financial information from this partnership, the results are generally reported on a quarter lag. If the Company determines there has been a significant decline in value of the limited partnership during this lag period, a loss will be recorded in the period in which the Company identifies the decline.

The Company had contractual commitments to invest up to an additional $721.1 million in limited partnerships at December 31, 2021. The commitment will be funded when called in accordance with the partnership agreements, which have an investment period that expire, unless extended through in 2025, for new investments. Following the investment period, these capital commitments may be called by the partnerships for follow-on investments, management fees and operating expenses.

Variable Interest Entities

The Company is engaged with various special purpose entities and other entities that are deemed to be VIEs primarily as an investor through normal investment activities but also as an investment manager. A VIE is an entity that either has investors that lack certain essential characteristics of a controlling financial interest, such as simple majority kick-out rights, or lacks sufficient funds to finance its own activities without financial support provided by other entities. The Company performs ongoing qualitative assessments of its VIEs to determine whether the Company has a controlling financial interest in the VIE and therefore is the primary beneficiary. The Company is deemed to have a controlling financial interest when it has both the ability to direct the activities that most significantly impact the economic performance of the VIE and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. Based on the Company's assessment, if it determines it is the primary beneficiary, the Company consolidates the VIE in the Company's Financial Statements. As of December 31, 2021 and 2020, the Company did not hold any securities for which it is the primary beneficiary.

The Company, through normal investment activities, makes passive investments in general and limited partnerships and other alternative investments. For these non-consolidated VIEs, the Company has determined it is not the primary beneficiary as it has no ability to direct activities that could significantly affect the economic performance of the investments. The Company's maximum exposure to loss as of December 31, 2021 and 2020 is limited to the total carrying value of $193.8 million and $69.2 million, respectively, which are included in limited partnerships and other alternative investments in Other Invested Assets in the Company's Balance Sheets. As of December 31, 2021, the Company has outstanding commitments totaling $721.1 million whereby the Company is committed to fund these investments and may be called by the partnership during the commitment period to fund the purchase of new investments and partnership expenses. These investments are generally of a passive nature in that the Company does not take an active role in management.

In addition, the Company makes passive investments in structured securities issued by VIEs for which the Company is not the manager. These investments are included in asset-back securities, which includes collateralized loan obligations and are reported in fixed maturities, available-for-sale. The Company has not provided financial or other support with respect to these investments other than its original investment. For these investments, the Company determined it is not the primary beneficiary due to the relative size of the Company's investment in comparison to the principal amount of the structured securities issued by the VIEs, the level of credit subordination which reduces the Company's obligation to absorb losses or right to receive benefits and the Company's inability to direct the activities that most significantly impact the economic performance of the VIEs. The Company's maximum exposure to loss on these investments is limited to the amount of the Company's investment.

The components of net realized capital gains (losses) are presented in the table below for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Fixed maturity securities, market value:		
Gains (losses) from dispositions	$ 394	$ (4,228)
Other invested assets; fair value:		
Gains (losses) from fair value adjustments	22,198	(415,529)
Total net realized capital gains (losses)	$ 22,592	$ (419,757)

The proceeds and split between gross gains and losses, from maturities and sales of fixed maturity securities, are presented in the table below for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Proceeds from sales of fixed maturity securities	$ 33,575	$ 27,498
Gross gains from sales	4,958	1,544
Gross losses from sales	(4,564)	(5,772)

3. RESERVE FOR LOSSES AND LAE

Reserves for losses and LAE.

Activity in the reserve for losses and LAE is summarized for the periods indicated:

	At December 31,	
(Dollars in thousands)	2021	2020
Gross reserves at January 1	$ 1,245,737	$ 876,996
Less reinsurance recoverables	(24,478)	(28,853)
Net reserves at January 1	1,221,259	848,143
Incurred related to:		
Current year	676,132	473,689
Prior years	4,213	(3,402)
Total incurred losses and LAE	680,345	470,287
Paid related to:		
Current year	36,890	30,089
Prior years	152,159	104,969
Total paid losses and LAE	189,049	135,058
Foreign exchange/translation adjustment	(38,885)	37,887
Net reserves at December 31	1,673,670	1,221,259
Plus reinsurance recoverables	-	24,478
Gross reserves at December 31	$ 1,673,670	$ 1,245,737

Prior years' reserves increased by $4.2 million and decreased by $3.4 million for the years ended December 31, 2021 and 2020, respectively. The changes in both 2021 and 2020 were primarily due to loss development under the affiliated quota share agreements.

The following is information about incurred and paid claims development as of December 31, 2021, net of reinsurance, as well as cumulative claim frequency and the total of incurred but not reported liabilities (IBNR) plus expected development on reported claims included within the net incurred claims amounts. The Company's loss activity has been disaggregated into casualty and property business. The casualty and property segregation results in groups that have homogeneous loss development characteristics and are large enough to represent credible trends. Generally, casualty claims take longer to be reported and settled, resulting in longer payout patterns and increased volatility. Property claims on the other hand, tend to be reported and settled quicker and therefore tend to exhibit less volatility. The property business is more exposed to catastrophe losses, which can result in year over year fluctuations in incurred claims depending on the frequency and severity of catastrophes claims in any one accident year.

The information about incurred and paid claims development for the years ended December 31, 2012 to December 31, 2020 is presented as supplementary information.

These tables present ten years of incurred and paid claims development. For the years prior to 2012, the total of IBNR plus expected development on reported claims was not prepared on an accident year basis. The Company calculated these IBNR amounts in the aggregate as of prior year end points in time.

The Cumulative Number of Reported Claims is not shown as it is impracticable to provide the information. The loss activity includes pro rata contracts for which ceding companies provide only summary information via a bordereau. This summary information does not include the number of reported claims underlying the paid and reported losses. Therefore, it is not possible to provide this information.

The following tables present the ultimate loss and ALAE and the paid loss and ALAE, net of reinsurance for casualty and property, as well as the average annual percentage payout of incurred claims by age, net of reinsurance for each of our disclosed lines of business.

Casualty Business

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of reinsurance Years Ended December 31,										Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
Accident Year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021		
(Dollars in thousands)												
2012	$ 67,906	$ 66,289	$ 65,506	$ 63,308	$ 64,995	$ 69,412	$ 68,250	$ 65,326	$ 63,513	$ 63,934	7,398	N/A
2013		63,030	65,158	63,445	66,544	69,633	66,387	64,363	62,871	63,288	8,089	N/A
2014			58,730	65,308	70,740	72,893	69,684	68,017	67,217	67,672	7,436	N/A
2015				97,578	94,741	91,679	91,786	88,344	86,939	85,791	4,800	N/A
2016					96,851	101,472	101,622	100,872	100,385	99,141	9,068	N/A
2017						121,350	128,809	125,154	124,991	129,430	26,455	N/A
2018							170,961	176,810	181,230	181,185	78,042	N/A
2019								213,455	224,231	224,154	149,725	N/A
2020									250,519	314,207	263,928	N/A
2021										383,825	349,969	N/A
										$1,612,628		

(Some amounts may not reconcile due to rounding.)

	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance Years Ended December 31,									
Accident Year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021
(Dollars in thousands)										
2012	$ 5,023	$ 10,812	$ 17,337	$ 21,462	$ 26,879	$ 32,933	$ 37,248	$ 40,566	$ 42,436	$ 45,297
2013		6,511	12,069	15,590	20,981	26,512	31,607	36,026	39,441	42,626
2014			4,444	7,342	12,237	18,221	24,184	28,911	34,351	41,713
2015				5,397	24,826	32,496	40,149	43,801	50,226	58,181
2016					20,554	30,385	38,793	45,258	54,067	60,724
2017						10,346	24,087	36,388	49,052	70,564
2018							11,415	39,658	50,790	74,190
2019								24,757	33,635	50,725
2020									12,120	26,919
2021										13,006
										$ 483,945
All outstanding liabilities prior to 2012, net of reinsurance										44,184
Liabilities for claims and claim adjustment expenses, net of reinsurance										$1,172,867

(Some amounts may not reconcile due to rounding.)

	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (unaudited)									
Years	1	2	3	4	5	6	7	8	9	10
Casualty	7.0%	8.9%	7.8%	9.5%	10.0%	7.6%	7.9%	7.2%	4.0%	4.5%

Property Business

Accident Year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021	Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	Incurred Claims and Allocated Claim Adjustment Expenses, Net of reinsurance Years Ended December 31,											
(Dollars in thousands)												
2012	$ 52,450	$ 45,064	$ 39,605	$ 37,596	$ 36,741	$ 36,621	$ 36,198	$ 36,227	$ 36,427	$ 36,333	23	N/A
2013		57,058	44,020	34,101	32,260	31,120	30,728	30,833	31,033	31,122	45	N/A
2014			45,483	40,682	38,194	36,104	36,059	36,018	36,218	36,272	120	N/A
2015				47,048	44,267	40,414	39,731	41,231	42,231	43,243	153	N/A
2016					53,725	47,044	47,267	47,282	48,482	49,688	550	N/A
2017						80,534	69,251	64,845	63,197	56,807	2,125	N/A
2018							83,547	74,618	71,214	71,621	7,547	N/A
2019								86,285	83,534	86,352	10,081	N/A
2020									233,321	171,689	96,677	N/A
2021										314,817	154,418	N/A
										$ 897,945		

(Some amounts may not reconcile due to rounding.)

Accident Year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021
	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance Years Ended December 31,									
(Dollars in thousands)										
2012	$ 12,551	$ 25,407	$ 30,519	$ 32,905	$ 34,033	$ 34,637	$ 35,100	$ 35,192	$ 35,625	$ 35,993
2013		10,729	23,440	27,217	29,144	29,818	29,948	30,198	30,358	30,630
2014			11,493	25,828	30,976	33,006	34,091	34,604	34,928	35,132
2015				11,084	25,279	31,173	35,030	37,275	39,102	39,449
2016					8,096	24,642	34,377	39,983	42,617	44,750
2017						10,092	30,563	41,218	46,396	49,616
2018							15,567	34,863	45,154	49,900
2019								14,016	37,683	50,961
2020									16,535	42,281
2021										23,884
										$ 402,596
All outstanding liabilities prior to 2012, net of reinsurance										5,453
Liabilities for claims and claim adjustment expenses, net of reinsurance										$ 500,803

(Some amounts may not reconcile due to rounding.)

	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (unaudited)									
Years	1	2	3	4	5	6	7	8	9	10
Property	14.9%	27.4%	15.5%	7.9%	4.3%	2.6%	0.9%	0.4%	1.0%	1.0%

Reconciliation of the Disclosure of Incurred and Paid Claims Development to the Liability for Unpaid Claims and Claim Adjustment Expenses

The reconciliation of the net incurred and paid claims development tables to the liability for claims and claim adjustment expenses in the consolidated statement of financial position is as follows.

(Dollars in thousands)	December 31, 2021
Net outstanding liabilities	
Casualty	$ 1,172,867
Property	500,803
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	1,673,670
Reinsurance recoverable on unpaid claims	
Casualty	-
Property	-
Total reinsurance recoverable on unpaid claims	-
Insurance lines other than short-duration	-
Unallocated claims adjustment expenses	-
Other	-
	-
Total gross liability for unpaid claims and claim adjustment expense	$ 1,673,670

(Some amounts may not reconcile due to rounding.)

Reserving Methodology

The Company maintains reserves equal to our estimated ultimate liability for losses and loss adjustment expense (LAE) for reported and unreported claims. Because reserves are based on estimates of ultimate losses and LAE by underwriting or accident year, the Company uses a variety of statistical and actuarial techniques to monitor reserve adequacy over time, evaluate new information as it becomes known, and adjust reserves whenever an adjustment appears warranted. The Company considers many factors when setting reserves including: (1) exposure base and projected ultimate premium; (2) expected loss ratios by product and class of business, which are developed collaboratively by underwriters and actuaries; (3) actuarial methodologies and assumptions which analyze loss reporting and payment experience, reports from ceding companies and historical trends, such as reserving patterns, loss payments, and product mix; (4) current legal interpretations of coverage and liability; and (5) economic conditions. Insurance and reinsurance loss and LAE reserves represent the Company's best estimate of its ultimate liability. Actual loss and LAE ultimately paid may deviate, perhaps substantially, from such reserves. Net income (gain or loss) will be impacted in a period in which the change in estimated ultimate loss and LAE is recorded.

Reserving for reinsurance requires evaluation of loss information received from ceding companies. Ceding companies report losses in many forms depending on the type of contract and the agreed or contractual reporting requirements. Generally, pro rata contracts require the submission of a monthly/quarterly account, which includes premium and loss activity for the period with corresponding reserves as established by the ceding company. This information is recorded into the Company's records. For certain pro rata contracts, the Company may require a detailed loss report for claims that exceed a certain dollar threshold or relate to a particular type of loss. Excess of loss and facultative contracts generally require individual loss reporting with precautionary notices provided when a loss reaches a significant percentage of the attachment point of the contract or when certain causes of loss or types of injury occur. Experienced claims staff handles individual loss reports and supporting claim information. Based on evaluation of a claim, the Company may establish additional case reserves in addition to the case reserves reported by the ceding company. To ensure ceding companies are submitting required and accurate data, the Company performs various reviews of ceding companies, particularly larger ceding companies.

The company segments reserves into exposure groupings for actuarial analysis. The Company assigns business to exposure groupings so that the underlying exposures have reasonably homogeneous loss development characteristics and are large enough to facilitate credible estimation of ultimate losses. The Company periodically reviews its exposure groupings and may change groupings over time as business changes. One of the key selection characteristics for the exposure groupings is the historical duration of the claims settlement process. Business in which claims are reported and settled relatively quickly are commonly referred to as short tail lines, principally property lines. On the other hand, casualty claims tend to take longer to be reported and settled and casualty lines are generally referred to as long tail lines. Estimates of ultimate losses for shorter tail lines, with the exception of loss estimates for large catastrophic events, generally exhibit less volatility than those for the longer tail lines.

The Company uses a variety of actuarial methodologies, such as the expected loss ratio method, chain ladder methods, and Bornhuetter-Ferguson methods, supplemented by judgment where appropriate, to estimate ultimate loss and LAE for each exposure group.

Expected Loss Ratio Method: The expected loss ratio method uses earned premium times an expected loss ratio to calculate ultimate losses for a given underwriting or accident year. This method relies entirely on expectation to project ultimate losses with no consideration given to actual losses. As such, it may be appropriate for an immature underwriting or accident year where few, if any, losses have been reported or paid, but less appropriate for a more mature year.

Chain Ladder Method: Chain ladder methods use a standard loss development triangle to project ultimate losses. Age-to-age development factors are selected for each development period and combined to calculate age-to-ultimate development factors which are then applied to paid or reported losses to project ultimate losses. This method relies entirely on actual paid or reported losses to project ultimate losses. No other factors such as changes in pricing or other expectations are taken into account. It is most appropriate for groups with homogeneous, stable experience where past development patterns are expected to continue in the future. It is least appropriate for groups which have changed significantly over time or which are more volatile.

Bornhuetter-Ferguson Method: The Bornhuetter-Ferguson method is a combination of the expected loss ratio method and the chain ladder method. Ultimate losses are projected based partly on actual paid or reported losses and partly on expectation. Incurred but not reported (IBNR) reserves are calculated using earned premium, an a priori loss ratio, and selected age-to-age development factors and added to actual reported (paid) losses to determine ultimate losses. It is more responsive to actual reported or paid development than the expected loss ratio method but less responsive than the chain ladder method. The reliability of the method depends on the accuracy of the selected a priori loss ratio.

Although the Company uses similar actuarial methods for both short tail and long tail lines, the faster reporting of experience for the short tail lines allows the Company to have greater confidence in its estimates of ultimate losses for short tail lines at an earlier stage than for long tail lines. As a result, the Company utilizes, as well, exposure-based methods to estimate its ultimate losses for longer tail lines, especially for immature underwriting or accident years. For both short and long tail lines, the Company supplements these general approaches with analytically based judgments.

Key actuarial assumptions contain no explicit provisions for reserve uncertainty nor does the Company supplement the actuarially determined reserves for uncertainty.

Carried reserves at each reporting date are the Company's best estimate of ultimate unpaid losses and LAE at that date. The Company completes detailed reserve studies for each exposure group annually. The completed annual reserve studies are "rolled-forward" for each accounting period until the subsequent reserve study is completed. Analyzing the roll-forward process involves comparing actual reported losses to expected losses based on the most recent reserve study. The Company analyzes significant variances between actual and expected losses and post adjustments to its reserves as warranted.

Certain reserves, including losses from widespread catastrophic events and COVID-19 related losses, cannot be estimated using traditional actuarial methods. These types of events are reserved for separately using a variety of statistical and actuarial techniques. We estimate losses for these types of events based on information derived from catastrophe models, quantitative and qualitative exposure analyses, reports and communications from ceding companies and development patterns for historically similar events, where available.

4. FAIR VALUE

GAAP guidance regarding fair value measurements address how companies should measure fair value when they are required to use fair value measures for recognition or disclosure purposes under GAAP and provides a common definition of fair value to be used throughout GAAP. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. In addition, it establishes a three-level valuation hierarchy for the disclosure of fair value measurements. The valuation hierarchy is based on the transparency of inputs to the valuation of an asset or liability. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement, with Level 1 being the highest priority and Level 3 being the lowest priority.

The levels in the hierarchy are defined as follows:

Level 1: Inputs to the valuation methodology are observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in an active market;

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument;

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's fixed maturity securities are primarily managed by third party investment asset managers. The investment asset managers managing publicly traded securities obtain prices from nationally recognized pricing services. These services seek to utilize market data and observations in their evaluation process. They use pricing applications that vary by asset class and incorporate available market information and when fixed maturity securities do not trade on a daily basis the services will apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing. In addition, they use model processes, such as the Option Adjusted Spread model to develop prepayment and interest rate scenarios for securities that have prepayment features.

The investment asset managers do not make any changes to prices received from either the pricing services or the investment brokers. In addition, the investment asset managers have procedures in place to review the reasonableness of the prices from the service providers and may request verification of the prices. The Company also continually performs quantitative and qualitative analysis of prices, including but not limited to initial and ongoing review of pricing methodologies, review of prices obtained from pricing services and third party investment asset managers, review of pricing statistics and trends, and comparison of prices for certain securities with a secondary price source for reasonableness. No material variances were noted during these price validation procedures. In limited situations, where financial markets are inactive or illiquid, the Company may use its own assumptions about future cash flows and risk-adjusted discount rates to determine fair value. The Company made no such assumptions at December 31, 2021 and 2020.

All categories of fixed maturity securities listed in the tables below are generally categorized as level 2, since a particular security may not have traded but the pricing services are able to use valuation models with observable market inputs such as interest rate yield curves and prices for similar fixed maturity securities in terms of issuer, maturity and seniority. For foreign government securities and foreign corporate securities, the fair values provided by the third party pricing services in local currencies, and where applicable, are converted to U.S. dollars using currency exchange rates from nationally recognized sources.

The composition and valuation inputs for the presented fixed maturities categories are as follows:

- U.S. Treasury securities and obligations of U.S. government agencies and corporations are primarily comprised of U.S. Treasury bonds and the fair value is based on observable market inputs such as quoted prices, reported trades, quoted prices for similar issuances or benchmark yields;

- Corporate securities are primarily comprised of U.S. corporate and public utility bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities, benchmark yields and credit spreads;

- Asset-backed and mortgage-backed securities fair values are based on observable inputs such as quoted prices, reported trades, quoted prices for similar issuances or benchmark yields and cash flow models using observable inputs such as prepayment speeds, collateral performance and default spreads;

- Foreign government securities are comprised of global non-U.S. sovereign bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities and models with observable inputs such as benchmark yields and credit spreads and then, where applicable, converted to U.S. dollars using an exchange rate from a nationally recognized source;

- Foreign corporate securities are comprised of global non-U.S. corporate bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities and models with observable inputs such as benchmark yields and credit spreads and then, where applicable, converted to U.S. dollars using an exchange rate from a nationally recognized source.

Other invested assets, at fair value, are categorized as Level 1, Quoted Prices in Active Markets for Identical Assets, since the securities are shares of the Company's parent, which are actively traded on an exchange and the price is based on a quoted price.

The following tables present the fair value measurement levels for all assets, which the Company has recorded at fair value (fair and market values) as of the periods indicated:

		Fair Value Measurement Using:		
(Dollars in thousands)	December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Fixed maturities, market value				
U.S. Treasury securities and obligations of				
U.S. government agencies and corporations	$ 39,135	$ -	$ 39,135	$ -
U.S. corporate securities	654,090	-	654,090	-
Asset-backed securities	29,477	-	29,477	-
Mortgage-backed securities	-			
Commercial	83,075	-	83,075	-
Agency residential	243,342	-	243,342	-
Non-agency residential	5	-	5	-
Foreign government securities	165,475	-	165,475	-
Foreign corporate securities	829,017	-	829,017	-
Total fixed maturities, market value	$ 2,043,616	$ -	$ 2,043,616	$ -

(Dollars in thousands)	December 31, 2020	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Fixed maturities, market value				
U.S. Treasury securities and obligations of				
U.S. government agencies and corporations	$ 77,903	$ -	$ 77,903	$ -
U.S. corporate securities	690,782	-	690,782	-
Asset-backed securities	20,578	-	20,578	-
Mortgage-backed securities	-			
Commercial	64,990	-	64,990	-
Agency residential	310,958	-	310,958	-
Non-agency residential	5	-	5	-
Foreign government securities	182,208	-	182,208	-
Foreign corporate securities	658,073	-	658,073	-
Total fixed maturities, market value	$ 2,005,497	$ -	$ 2,005,497	$ -
Other invested assets, fair value	2,275,348	2,275,348	-	-

5. CREDIT FACILITY

Group Credit Facility

Effective May 26, 2016, Bermuda Re and Everest International, both direct subsidiaries of Group, entered into a five year, $800.0 million senior credit facility with a syndicate of lenders, which amended and restated in its entirety the June 22, 2012, four year, $800.0 million senior credit facility. Both the May 26, 2016 and June 22, 2012 senior credit facilities, which have similar terms, are referred to as the "2016 Group Credit Facility". Wells Fargo Corporation ("Wells Fargo Bank") is the administrative agent for the 2016 Group Credit Facility.

Effective May 26, 2021, the term of the 2016 Group Credit Facility expired. The Company elected not to renew this facility to allow for the replacement by other collateralized letter of credit facilities such as those described below. As a result of the non-renewal in May 2021, letter of credit commitment/availability in the 2016 Group Credit Facility as of December 21, 2021 is limited only to the remaining $39.2 million of letters of credit currently in force and scheduled to expire in 2022. No additional letters of credit will be issued under the 2016 Group Credit Facility, and the facility will be dormant once the remaining letters of credit have expired. As of December 31, 2021, the Company was in compliance with all Group Credit Facility covenants.

The following table summarizes the outstanding letters of credit and/or borrowings for the periods indicated:

(Dollars in thousands)	At December 31, 2021			At December 31, 2020		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Wells Fargo Bank Group Credit Facility	$ 39,198	$ 39,198	12/30/2022	$ 200,000	$ 164,242	12/31/2021
	-	-		600,000	589,690	12/31/2021
Total Wells Fargo Bank Group Credit Facility	$ 39,198	$ 39,198		$ 800,000	$ 753,932	

Everest International Lloyds Bank Credit Facility

Effective May 12, 2020, Everest International had amended its credit facility with Lloyds Bank plc ("Everest International Credit Facility"). The amendment of the Everest International Credit Facility provided up to £52.2 million for the issuance of standby letters of credit on a collateralized basis.

However, the Everest International Credit Facility was terminated effective December 20, 2021. As a result, the Everest International Credit Facility no longer has any letter of credit commitment or availability as of that date, and there are no remaining letters of credit in force under the facility.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2021			At December 31, 2020		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Everest International Credit Facility	£ -	£ -		£ 52,175	£ 52,175	12/31/2024
Total Everest International Credit Facility	£ -	£ -		£ 52,175	£ 52,175	

6. INCOME TAXES

Under Bermuda law, no income or capital gains taxes are imposed on Group and its Bermuda subsidiaries. The Minister of Finance of Bermuda has assured Group and its Bermuda subsidiaries that, pursuant to The Exempted Undertakings Tax Protection Amendment Act of 2011, they will be exempt until 2035 from imposition of any such taxes.

The provision for income taxes in the statement of operations and comprehensive income (loss) has been determined by reference to the applicable tax laws of jurisdictions in which the income of Everest International Reinsurance, Ltd. is subject to tax. It reflects the permanent differences between financial and taxable income. The significant components of the provision are as follows for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Current foreign tax expense (benefit)	$ 42	$ 41
Total income tax expense (benefit)	$ 42	$ 41

The weighted average expected tax provision has been calculated using the pre-tax income (loss) in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. Reconciliation of the difference between the provision for income taxes and the expected tax provision at the weighted average tax rate for the periods indicated is provided below:

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Expected tax provision at applicable statutory rates	$ -	$ -
Withholding tax	42	41
Total income tax provision	$ 42	$ 41

7. REINSURANCE

The Company engages in reinsurance transactions with Everest Re, Bermuda Re, Ireland Re and Ireland Insurance, primarily driven by enterprise risk and capital management considerations under which business is assumed or ceded at market rates and terms. All of the Company's business is derived from inter-affiliate reinsurance agreements. All of the Company's retrocessions are with an affiliate.

Premiums written and earned and incurred losses and LAE are comprised of the following for the periods indicated:

(Dollars in thousands)	Years Ended December 31, 2021	2020
Written premiums:		
Assumed	$ 1,202,513	$ 621,817
Ceded	-	(1,336)
Net written premiums	$ 1,202,513	$ 620,481
Premiums earned:		
Assumed	$ 893,304	$ 547,452
Ceded	-	(1,336)
Net premiums earned	$ 893,304	$ 546,116
Incurred losses and LAE:		
Assumed	$ 684,892	$ 473,222
Ceded	(4,547)	(2,935)
Net incurred losses and LAE	$ 680,345	$ 470,287

The table below represents affiliated quota share reinsurance agreements ("whole account quota share") for all new and renewal business for the indicated coverage period:

(Dollars, British pounds and euros in thousands)

Coverage Period	Ceding Company	Percent Ceded	Assuming Company	Type of Business	Single Occurrence Limit	Aggregate Limit
01/01/2004-12/31/2005	Everest Re	2.5%	Everest International	property / casualty business	-	-
01/01/2006-12/31/2006	Everest Re	2.0%	Everest International	property business	12,500	-
01/01/2006-12/31/2007	Everest Re	3.5%	Everest International	casualty business	-	-
01/01/2007-12/31/2007	Everest Re	2.5%	Everest International	property business	13,000	-
01/01/2008-12/31/2008	Everest Re	4.0%	Everest International	property / casualty business	13,000	27,500
01/01/2009-12/31/2009	Everest Re	8.0%	Everest International	property / casualty business	27,300	59,100
01/01/2009-12/31/2009	Everest International	100.0%	Ireland Re	property / casualty business	-	-
01/01/2006-12/31/2008	Bermuda Re- U.K. Branch	30.0%	Everest International	property business	400,000	-
01/01/2009-12/31/2009	Bermuda Re- U.K. Branch	50.0%	Everest International	property business	€ 200,000	-
01/01/2010-12/31/2010	Bermuda Re- U.K. Branch	50.0%	Everest International	property business	€ 160,000	-
01/01/2011-12/31/2011	Bermuda Re- U.K. Branch	50.0%	Everest International	property / casualty business	€ 80,000	-
01/01/2012-12/31/2012	Bermuda Re- U.K. Branch	50.0%	Everest International	property / casualty business	£ 70,000	-
01/01/2013-12/31/2015	Bermuda Re- U.K. Branch	59.5%	Everest International	property business	£ 70,000	-
01/01/2016-12/31/2016	Bermuda Re- U.K. Branch	50.0%	Everest International	property business	£ 130,000	-
01/01/2017-12/31/2018	Bermuda Re- U.K. Branch	50.0%	Everest International	property business	£ 70,000	
01/01/2019-12/31/2019	Bermuda Re- U.K. Branch	50.0%	Everest International	property business	£ 76,000	-
01/01/2020-12/31/2020	Bermuda Re (U.K. Branch)	50.0%	Everest International	property business	£ 84,000	-
01/01/2021-12/31/2021	Bermuda Re- U.K. Branch	60.0%	Everest International	property business	£ 100,000	-
01/01/2022-	Bermuda Re (U.K. Branch)	70.0%	Everest International	property business	£ 75,000	-
01/01/2011-12/31/2013	Ireland Re	50.0%	Everest International	property / casualty business	€ 37,500	-
01/01/2014-12/31/2016	Ireland Re	50.0%	Everest International	property business	€ 40,000	-
01/01/2018-12/31/2020	Ireland Re	60.0%	Everest International	property business	€ 90,000	-
01/01/2021-12/31/2021	Ireland Re	80.0%	Everest International	property business	€ 64,000	280,000
11/15/2017-	Ireland Insurance	50.0%	Everest International	property business	50,000	100,000
11/15/2017-	Ireland Insurance	variable	Everest International	property / casualty business	-	-

The following table summarizes the premiums and losses assumed and ceded by the Company from and to its affiliates for the periods indicated:

Everest Re, Bermuda Re, Ireland Re and Ireland Insurance	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Assumed written premiums	$ 1,202,513	$ 621,817
Assumed earned premiums	893,304	547,452
Assumed losses and LAE	684,892	473,222

Ireland Re	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Ceded written premiums	$ -	$ 1,336
Ceded earned premiums	-	1,336
Ceded losses and LAE	4,547	2,935

8. COMPREHENSIVE INCOME (LOSS)

The following table presents the components of comprehensive income (loss) in the statements of operations for the periods indicated:

	Years Ended December 31,					
	2021			2020		
(Dollars in thousands)	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Unrealized appreciation (depreciation) ("URA(D)") on securities - temporary	$(100,714)	$ -	$(100,714)	$ 95,247	$ -	$ 95,247
Reclassification of net realized losses (gains) included in net income (loss)	(394)	-	(394)	4,228	-	4,228
Total other comprehensive income (loss)	$(101,108)	$ -	$(101,108)	$ 99,475	$ -	$ 99,475

The following table presents details of the amounts reclassified from AOCI for the periods indicated:

	Years Ended December 31,		Affected line item within the statements of
AOCI component	2021	2020	operations and comprehensive income (loss)
(Dollars in thousands)			
URA(D) on securities	$ (394)	$ 4,228	Other net realized capital gains (losses)
	-	-	Income tax expense (benefit)
	$ (394)	$ 4,228	Net income (loss)

The following table presents the components of accumulated other comprehensive income (loss), net of tax, in the balance sheets for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Beginning balance of URA (D) on securities	$ 130,526	$ 31,051
Current period change in URA (D) of investments - non-credit related	(101,108)	99,475
Ending balance of URA (D) on securities	$ 29,418	$ 130,526

9. DIVIDEND RESTRICTIONS AND STATUTORY FINANCIAL INFORMATION

Dividend Restrictions.

Under Bermuda law, Everest International is prohibited from declaring or making payment of a dividend if it fails to meet its minimum solvency margin or minimum liquidity ratio. Prior approval of the Bermuda Monetary Authority is required if Everest International’s dividend payments would reduce its prior year-end total statutory capital and surplus by 25% or more.

Statutory Financial Information.
Everest International prepares its statutory financial statements in conformity with accounting principles set forth in Bermuda in The Insurance Act 1978, amendments thereto and related regulations. The statutory capital and surplus of Everest International was $1.0 billion and $1.3 billion at December 31, 2021 and 2020, respectively. The statutory net income (loss) of Everest International was $90.6 million and$(153.0) million for the years ended December 31, 2021 and 2020, respectively.

Capital Restrictions.
Everest International is subject to the BSCR administered by the BMA. No regulatory action is taken if an insurer's capital and surplus is equal to or in excess of their enhanced capital requirement determined by the BSCR model. In addition, the BMA has established a target capital level for each insurer, which is 120% of the enhanced capital requirement.

The regulatory targeted capital and the actual statutory capital for Everest International was as follows:

	Everest International [1] At December 31,	
(Dollars in thousands)	2021	2020
Regulatory targeted capital	$ 982,067	$ 1,132,567
Actual capital	1,023,253	1,308,140

(1) Regulatory targeted capital represents the target capital level from the applicable year's BSCR calculation.

10. CONTINGENCIES

In the ordinary course of business, the Company is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine the Company's rights and obligations under insurance and reinsurance agreements. In some disputes, the Company seeks to enforce its rights under an agreement or to collect funds owing to it. In other matters, the Company is resisting attempts by others to collect funds or enforce alleged rights. These disputes arise from time to time and are ultimately resolved through both informal and formal means, including negotiated resolution, arbitration and litigation. In all such matters, the Company believes that its positions are legally and commercially reasonable. The Company considers the statuses of these proceedings when determining its reserves for unpaid loss and loss adjustment expenses.

Aside from litigation and arbitrations related to these insurance and reinsurance agreements, the Company is not a party to any other material litigation or arbitration.

11. RELATED-PARTY TRANSACTIONS

In 2021 and 2020, the Company received $0 million and $70.0 million, respectively, of capital contributions from Group, its parent company.

The Company authorized a new preferred stock class. The preferred stock has a par value of $1,000 thousand and has an annual dividend rate of 1.55%. The preferred stock has no voting rights. The Company issued 100 shares of the newly authorized preferred stock to Group. The $100,000 thousand of par value for the issued preferred stock was reclassified from additional paid in capital for common stock, previously issued to Group. Additionally, Everest International issued 500,000 shares of its common stock to its parent company, Group, in exchange for $49,841 thousand of fixed maturity securities.

Also, the Company previously issued 1,923.214 shares of preferred stock to EPIH in exchange for 9,719,971 Common Shares of Group valued at $1,773,214 and $150,000 thousand of fixed maturity securities. Everest International has classified the Common shares of Group as Other Invested Assets, at fair value, in its Balance Sheets.

In the first quarter of 2021, Everest International redeemed the outstanding 1,923.214 shares of preferred stock that had been issued to EPIH. Everest International provided 8,642,891 Common shares of Group, valued at $2.02 billion, to EPIH as consideration for the redemption of the preferred stock.

In the second quarter of 2021, the Company transferred the remaining 1,077,080 shares of Group stock, valued at $274.3 million to Group as a non-cash dividend. As a result of these transactions, the Company no longer holds any shares of Group stock within its investment portfolio.

Everest Global Services, Inc. ("Everest Global"), an affiliate of Everest International, provides centralized management and home office services, through a management agreement. Services provided by Everest Global include executive managerial services, legal services, actuarial services, accounting services, information technology services and others.

The following table presents the expenses incurred by Everest International from services provided by Everest Global for the periods indicated.

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Expenses incurred	$ 1,472	$ 751

12. SUBSEQUENT EVENTS

The war in the Ukraine is ongoing and an evolving event. Economic and legal sanctions have been levied against Russia, specific named individuals and entities connected to the Russian government, as well as businesses located in the Russian Federation and/or owned by Russian nationals by numerous countries, including the United States. The significant political and economic uncertainty surrounding the war and associated sanctions have impacted economic and investment markets both within Russia and around the world. To the best of our knowledge at this time, the Company has limited financial exposure related to the Russian invasion of the Ukraine. However, given the ongoing nature of the war and the high degree of uncertainty around both exposures and coverage, a reasonable estimation of potential loss is not credible at this time.