EG gideon lens

Everest Group, Ltd. (EG) — Gideon-Lens Equity Research

Report date: 2026-08-09 **Analyst:** OpenAI Codex, ER2 / Gideon framework **Price anchor:** US$374.96 at the 2026-08-07 NYSE close **Diagnostic market capitalization:** approximately US$14.55 billion, using 38.8 million point-in-time diluted shares **Fiscal year-end:** December 31 **Forecast horizon:** 2031-06-30, exactly 5.0 years from the TTM operating anchor

VERDICT BLOCK

Verdict: PASS

Scorecard:

Gate	Result	Notes
Management	YELLOW	Decisive remediation credible; reserve governance and new team remain unproven
Moat	FAIL	Treaty franchise credible, but group excess-return durability fails the 2046 test
P/E <= 15 on confident EPS at TTM + 5 calendar years	PASS	Base EPS provides a 237.85% price cushion versus the 15x threshold
Compounder Score	Audited 43 / 100	Reject classification; evidence does not support dream-investment status
Business Quality Score	Audited 35 / 80	Quality, moat and accounting certainty remain below dream-business standards
20% Return UW Score	Audited 8 / 20	Today's price does not support the 20% return hurdle

One-line thesis (or reason to pass): Everest's inexpensive shares and valuable treaty franchise offer credible mid-teens base-case upside, but the Legacy reserve tail, unproven remediation and absence of a demonstrated group-wide durable moat make the downside too asymmetric for a Gideon BUY.

Security return underwriting (mandatory even when the verdict is PASS):

Measure	Result	Notes
Primary valuation method	P/E	One audited method is used for every scenario, probability weighting and the net-SGD overlay
Gross local-currency bear / base / bull IRR	-18.54% / 12.59% / 29.63%	Five-year annualized shareholder return in USD
Probability-weighted gross local-currency IRR	11.77%	CAGR of probability-weighted terminal wealth using 30% / 50% / 20% bear / base / bull weights
Return bridge	US$374.96 -> scenario terminal wealth	At 2031-06-30, statutory diluted EPS × independently justified 6.0x / 7.5x / 9.0x exit P/E, plus US$35 / US$45 / US$55 cumulative dividends; no cash, debt or investment portfolio adjustment is added

The following tables show gross USD underwriting. Net-SGD costs, dividend haircut and FX translation appear separately under CIO actionability. “Operating earnings” is the modelled pre-interest operating subtotal required by the statutory reconciliation contract, not an issuer-reported GAAP subtotal.

Bear-case operating and return bridge

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	US$16.772bn	US$12.263bn	-6.07%	Treaty contraction, GWS stagnation and deliberate Legacy runoff outweigh investment-income resilience
Operating margin	14.24%	7.21%	-7.03 pp	Treaty pricing weakens, GWS exceeds 100% combined ratio and Legacy deterioration persists

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Operating earnings	US$2.389bn	US$0.885bn	-18.02%	Revenue × modelled pre-interest operating margin; includes underwriting and investment contribution
Diluted share count	38.800m	34.769m	-2.17%	Buybacks continue at a much slower rate as losses and capital needs constrain deployment
EPS	US$46.94	US$16.58	-18.79%	Statutory diluted EPS after US$190m interest and scenario tax
Valuation	7.99x	6.00x	-1.99x	Reserve distrust and impaired franchise economics sustain a deep discount
Share value	US$374.96	US$99.47	-23.31%	US$16.58 EPS × 6.0x; no separate balance-sheet adjustment
Annual dividend	US$8.05	US$7.00	-2.75%	Capital preservation forces a modest dividend reduction
Dividend yield	2.15%	7.04%	+4.89 pp	Annual dividend divided by endpoint share value
Five-year dividends	-	US$35.00	cumulative	Audited cumulative distributions over the exact five-year horizon
Total ending value	US$374.96	US$134.47	-18.54% gross USD IRR	US$99.47 terminal share value + US$35.00 dividends

Base-case operating and return bridge

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	US$16.772bn	US$15.424bn	-1.66%	Treaty normalizes, GWS grows selectively and Legacy runoff reduces consolidated premium
Operating margin	14.24%	20.89%	+6.65 pp	Treaty retains attractive economics, GWS reaches a 95% combined ratio and Legacy losses nearly disappear
Operating earnings	US$2.389bn	US$3.223bn	+6.17%	Revenue × modelled pre-interest operating margin; investment income remains material
Diluted share count	38.800m	30.563m	-4.66%	Approximately US$4.0bn of cumulative repurchases is executed below intrinsic value
EPS	US$46.94	US$84.45	+12.46%	Statutory diluted EPS after US$150m interest and scenario tax
Valuation	7.99x	7.50x	-0.49x	A normal but still discounted insurer multiple reflects residual reserve cyclicality
Share value	US$374.96	US$633.40	+11.06%	US$84.45 EPS × 7.5x; no separate balance-sheet adjustment
Annual dividend	US$8.05	US$10.00	+4.44%	Gradual dividend growth alongside continued repurchases
Dividend yield	2.15%	1.58%	-0.57 pp	Annual dividend divided by endpoint share value
Five-year dividends	-	US$45.00	cumulative	Audited cumulative distributions over the exact five-year horizon
Total ending value	US$374.96	US$678.40	12.59% gross USD IRR	US$633.40 terminal share value + US$45.00 dividends

Bull-case operating and return bridge

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	US$16.772bn	US$18.659bn	+2.16%	Treaty grows through disciplined capacity, GWS scales and Legacy becomes immaterial
Operating margin	14.24%	27.89%	+13.65 pp	Treaty underwriting margin reaches 18.33%, GWS reaches a 90% combined ratio and reserve leakage ends
Operating earnings	US$2.389bn	US$5.204bn	+16.85%	Revenue × modelled pre-interest operating margin with strong underwriting and investment results
Diluted share count	38.800m	29.346m	-5.43%	Strong cash generation funds sustained accretive repurchases
EPS	US$46.94	US$146.40	+25.54%	Statutory diluted EPS after US$120m interest and scenario tax
Valuation	7.99x	9.00x	+1.01x	Clean reserves and demonstrated franchise execution earn a modest rerating
Share value	US$374.96	US$1,317.57	+28.58%	US$146.40 EPS × 9.0x; no separate balance-sheet adjustment
Annual dividend	US$8.05	US$13.00	+10.07%	Stronger earnings support higher distributions without limiting repurchases
Dividend yield	2.15%	0.99%	-1.16 pp	Annual dividend divided by endpoint share value
Five-year dividends	-	US$55.00	cumulative	Audited cumulative distributions over the exact five-year horizon
Total ending value	US$374.96	US$1,372.57	29.63% gross USD IRR	US$1,317.57 terminal share value + US$55.00 dividends

CIO actionability (separate from ER2 underwriting):

Measure	Result	Notes
Status	PASS	Hard Moat FAIL and reserve-tail downside preclude capital eligibility
Bear / Base / Bull net SGD IRR	-20.28% / 11.53% / 28.62%	Five-year annualized after 0.35% entry and exit costs, 30% dividend haircut and 0.98 terminal USD/SGD relative index
Probability-weighted net SGD IRR	10.72%	30% / 50% / 20% bear / base / bull weights
10% mandate hurdle	PASS	Base and probability-weighted cases both clear 10%
15% stretch hurdle	FAIL	Neither base nor probability-weighted net-SGD return reaches 15%
Downside and portfolio fit	FAIL / UNAVAILABLE	Bear drawdown is incompatible; portfolio context was not provided
Proposed sizing ceiling	none	Research conclusion is zero size pending qualitative improvement and owner approval

Trade execution authorized: NO

Kill / trigger criteria:

- **BUY trigger:** None on price alone while the Moat gate remains FAIL. A US$272.64 maximum entry price would mathematically support a 20% base-case hurdle, but it would not cure reserve or durability risk.
- **PASS triggers:** Maintain PASS if cumulative unfavorable prior-year reserve development exceeds US$300 million over any rolling four quarters; if the Treaty combined ratio remains above 95% for four consecutive quarters without an identified catastrophe explanation; or if GWS fails to sustain a sub-100% combined ratio by FY2027.

- **Upgrade to BUY conditions:** Management and Moat must both reach PASS, including clean reserve development through FY2028, stable Treaty profitability across a softer pricing phase, GWS at roughly 95% combined ratio or better, and no material new Legacy reserve charge.

Research sizing if actionable: None. The report proposes no allocation and cannot authorize a trade.

Stage 0 — Time, identity and accounting anchor

Everest Group is the NYSE-listed Bermuda holding company identified by ticker EG and ISIN BMG3223R1088. The research security is one common share in USD, with no unit conversion or FX conversion inside the operating model. The latest completed period is 2Q26, ended 2026-06-30, released 2026-07-29 and filed on Form 10-Q on 2026-08-03. TTM is explicitly 3Q25 + 4Q25 + 1Q26 + 2Q26. The US$374.96 quote is the completed 2026-08-07 close and remains valid under the next-scheduled-session-close policy through 2026-08-11 04:00 Singapore time.

TTM statutory revenue is US$16.772 billion, underwriting gain is US$527 million, pretax income is US$2.243 billion and net income is US$1.913 billion. The contract-required pre-interest operating subtotal is US$2.389 billion. It is a derived reconciliation endpoint: interest expense remains non-operating, so the subtotal must not be confused with an issuer-reported GAAP operating-income line.

Stage 1 — Preliminary disqualifier screen

The screen found no immediate red flag requiring abandonment before detailed work. Everest is solvent, liquid and institutionally relevant. Four yellow issues required full review: the inherent pricing cycle, catastrophe-driven cash-flow volatility, comparability of insurer leverage and the durability of recent favorable pricing. Detailed work subsequently converted the moat concern into a hard FAIL.

Business and segment conclusion

The core Reinsurance Treaty franchise is Everest's economic engine. TTM net premiums earned were US$10.105 billion and underwriting gain was US$1.209 billion. Its broker relationships, global licenses, ratings, capital and technical underwriting capabilities constitute a credible franchise. Yet reinsurance capacity is mobile, customers rebid risk and favorable pricing invites supply. The base case therefore assumes normalization rather than perpetual peak-cycle economics.

Global Wholesale & Specialty is the self-help opportunity. TTM net premiums earned were US$2.895 billion and underwriting gain only US$25 million, approximately a 99.14% combined ratio. The base case requires the combined ratio to improve to 95% while premium reaches US$3.496 billion. That outcome is plausible after portfolio actions, but it is not yet earned evidence.

Legacy is the central asymmetry. TTM net premiums earned were US$1.782 billion and underwriting loss was US$707 million. The base case reduces terminal premium to US$120 million and loss to only US$7.2 million, despite approximately US$7.985 billion of gross reserves at the starting point. That steep fade is the model's most fragile operating assumption. A high-range reserve gap could reduce EPS by roughly US$21.80, and correlated reserve, pricing and capital shocks are more damaging than isolated sensitivities suggest.

Management and capital allocation

Management earns YELLOW. The organization has acted decisively: it separated remediation from growth, shifted accountability, curtailed weak business and used repurchases to exploit the valuation discount. Those choices are economically sensible. But the leadership configuration is new, the reserve outcome will take years to validate and responsibility for prior underwriting remains partly shared. Words and portfolio actions are ahead of long-tail evidence.

The base model's 30.563 million terminal share count is also demanding. It implies roughly US$4 billion of repurchases. Without that shrinkage, base EPS falls to about US$66.52 and gross USD IRR to about 7.72%. Buybacks are therefore not merely an upside extra; they are a major bridge component whose availability depends on clean reserves and excess capital.

Moat and 2046 durability

The Treaty franchise has meaningful entry barriers, but Everest does not yet demonstrate a group-wide moat capable of protecting excess returns through 2046. Insurance capital can migrate, pricing cycles compress margins, brokers retain bargaining power and claims uncertainty can overwhelm several years of reported profit. GWS is in remediation and Legacy is

a runoff liability rather than an advantage. The Moat gate and the explicit 2046 durability test both FAIL.

Valuation, red team and decision

Valuation alone is compelling. The current implied P/E is 7.99x, and the base terminal EPS of US$84.45 far exceeds the US$25.00 EPS needed for today's price to equal 15x. This produces the 237.85% valuation cushion and a P/E gate PASS. However, that gate asks whether the price is low relative to confident year-five earnings; it does not prove that the earnings are durable or that a 15x exit is justified. Return underwriting instead uses 6.0x, 7.5x and 9.0x scenario exits.

The red team identifies the apparent bargain as potentially a reserve-risk discount rather than a free mispricing. At a 6.0x base exit multiple, base IRR falls to about 8.03%; at 5.0x, to about 4.50%. Removing dividends reduces the audited base return to about 11.06%, while removing the assumed share shrinkage reduces it much further. A coupled moderate stress produces roughly US$44.84 EPS and approximately a negative 4.1% annualized return before a discrete Legacy charge. The bear case destroys almost two-thirds of starting wealth.

The decision rule is mechanical: any hard failure among Management, Moat and P/E <= 15 produces PASS. Management is YELLOW, Moat is FAIL and valuation is PASS. The final ER2 verdict is therefore PASS. Everest is inexpensive and potentially rewarding, but it has not earned the quality and durability proof required for a Gideon compounder. The audited 43/100 compounder score and 8/20 return-underwriting score reinforce, but do not determine, that conclusion.

Analyst flags

- The statutory bridge is reconciled, but the pre-interest operating subtotal is derived and should never be described as an issuer-reported GAAP metric.
- Current segment taxonomy begins in FY2023; FY2021–FY2022 were not back-solved into today's structure.
- Catastrophe and reserve outcomes are fat-tailed; scenario-weighted returns should not be mistaken for normally distributed risk.
- Portfolio fit and sizing remain unavailable because no owner portfolio context was provided. No trade is authorized.

Appendix A — Company Primer

Everest Group, Ltd. (EG) — Company Primer

Prepared: 2026-08-09 **Fiscal year-end:** December 31 **Latest completed period:** 2Q26 ended 2026-06-30, released 2026-07-29 and filed on Form 10-Q on 2026-08-03 **TTM convention:** 3Q25 + 4Q25 + 1Q26 + 2Q26, ended 2026-06-30 **Research horizon:** 2031-06-30, exactly five years from the latest period **Financial units:** USD millions unless stated otherwise

1. Business overview

Everest Group is a Bermuda-based global property-and-casualty reinsurer and specialty insurer. Its core job is to accept risks that customers do not want to retain entirely on their own balance sheets. In reinsurance, Everest's customers are insurance companies, known as cedents. A cedent transfers an agreed portion of the premiums and claims on a portfolio or a defined layer of loss to Everest. This increases the cedent's underwriting capacity, reduces its exposure to unusually large losses, and can stabilize regulatory capital and earnings. In direct specialty insurance, the end customer is a commercial organization, but the policy is usually sourced through a wholesale broker, surplus-lines broker, or general agent rather than through a retail branch or self-service website.

The company's products are promises to pay qualifying future claims. Everest receives premium and invests much of the cash before claims are settled. The economic product therefore combines two disciplines. Underwriting decides which risks to accept, at what price, and under what contractual limits. Asset management invests the resulting float while maintaining enough liquidity and duration discipline to meet claims. A good outcome requires both an underwriting profit and sensible investment returns; strong investment income cannot permanently rescue underpriced insurance, and apparent underwriting profitability can later reverse if reserves prove insufficient.

Everest operates through licensed and rated subsidiaries across the United States, Bermuda, Europe, and other international markets. The company says its network spans more than 100 countries. Reinsurance is sourced predominantly through specialist reinsurance brokers, with some business written directly with cedents. Direct insurance is sourced principally through brokers, surplus-lines channels, and general-agent relationships. These relationships matter because customers evaluate not only price but also financial-strength ratings, available capacity, claims performance, contract certainty, breadth of products, and the willingness to provide capacity through difficult market cycles. This is a relationship-and-balance-sheet business, not a self-serve volume funnel.

Effective 2026-01-01, Everest changed its reportable segments from the former Reinsurance and Insurance presentation to **Reinsurance Treaty**, **Global Wholesale & Specialty**, and **Legacy**. The recast followed the sale to AIG of renewal rights for much of Everest's Commercial Retail Insurance business. The distinction is crucial: Reinsurance Treaty and Global Wholesale & Specialty are the two active origination platforms. Legacy generally does not sell new insurance or reinsurance; it manages existing policies, divested or held-for-sale operations, discontinued programs, asbestos and environmental exposures, and the settlement of related claims. Some commercial-retail policies continue to renew on Everest paper for a finite period in 2026, so the run-off is not an instantaneous disappearance of premium or risk.

2. How insurance and reinsurance accounting works

The income statement is easiest to understand as a sequence rather than as a conventional sale of goods.

- **Gross written premium** is the contractual premium booked before Everest transfers any risk onward. It is a useful measure of origination volume, but it is not revenue and it says nothing by itself about profitability.
- **Ceded premium** is the amount paid to third-party reinsurers to absorb part of Everest's own exposure. When a reinsurer such as Everest buys reinsurance, it is called retrocession. Gross premium less ceded premium produces net written premium.
- **Net earned premium** recognizes that net written premium as revenue over the period of risk coverage. Written and earned premium can diverge materially when business is growing, shrinking, or changing mix.
- Everest estimates **losses and loss-adjustment expenses**, including claims already reported and claims incurred but not yet reported. It also incurs commissions, brokerage, taxes, and internal underwriting expenses.

- **Underwriting gain (loss)** is net premiums earned less those losses and underwriting costs. This is the exact common segment profit metric in Everest's 2026 disclosures. It is an issuer-disclosed non-GAAP metric and must not be mislabeled as segment operating income.
- **Net investment income**, investment gains or losses, corporate expenses, other income or expense, interest, and tax bridge segment underwriting results to consolidated net income.

The **combined ratio** expresses incurred claims, commissions, and underwriting expenses as a percentage of earned premium. A ratio below 100% means underwriting profit; a ratio above 100% means underwriting loss before investment income. A 92% combined ratio is economically equivalent to an 8% underwriting margin, subject to rounding. Because the loss component depends on estimates of ultimate claims, the ratio is not final when first reported.

Catastrophe business adds deliberate volatility. A hurricane, earthquake, flood, wildfire, convective storm, aviation event, or other large loss can cause a sharp quarterly charge even if the book is well priced over a full cycle. Catastrophe models estimate frequency, severity, and geographic aggregation, but the models are decision tools rather than guarantees. Climate patterns, inflation in repair costs, policy wording, demand surge, litigation, and event clustering can all make actual loss experience depart from modeled loss.

Long-tail casualty business presents a different problem: the claim may take years to be reported and settled. Everest records reserves today for payments it expects to make later. If emerging evidence indicates that prior estimates were too low, the company records adverse prior-year reserve development, reducing current earnings even though the associated policies may have been written years ago. If prior reserves prove conservative, favorable development benefits current earnings. Reserve development is therefore an important test of past underwriting quality and management's willingness to recognize bad news.

Retrocession can reduce net catastrophe exposure, stabilize ratios, and create capacity, but it is not free. Everest gives up premium, incurs counterparty risk, and may discover that protection excludes a particular loss or exhausts at the wrong layer. Protection may also become expensive or unavailable after major industry losses. The correct question is not whether Everest buys retrocession; it is whether retained risk, ceded cost, wording, collateral, and counterparty quality together improve risk-adjusted economics.

3. Revenue architecture and 2026 segment map

Net premiums earned are the cleanest common revenue measure for comparing Everest's reportable underwriting segments. Total company revenue is broader because it also includes investment income, investment gains or losses, and other income or expense. FY2025 segment net premiums earned totaled $15,560 million; total consolidated revenue was $17,496 million after adding $2,124 million of net investment income, subtracting $143 million of net investment losses, and subtracting $45 million of other expense.

FY2025 segment	Net premiums earned	Share of segment NPE	Underwriting gain (loss)	Underwriting margin
Reinsurance Treaty	10,496	67.46%	902	8.59%
Global Wholesale & Specialty	2,927	18.81%	35	1.20%
Legacy	2,137	13.73%	-726	-33.97%
Consolidated segment total	15,560	100.00%	211	1.36%

Reinsurance Treaty

Reinsurance Treaty is the economic center of Everest. It accounted for roughly two-thirds of FY2025 segment earned premium and considerably more than all positive segment underwriting profit because Legacy generated a large loss. A treaty covers a defined portfolio of policies written by a cedent, rather than a single individual risk. Everest writes property, casualty, and specialty treaties on both proportional and excess-of-loss bases.

Under a proportional treaty, Everest receives an agreed share of premium and pays the same agreed share of covered losses. It typically pays the cedent a commission that helps reimburse original acquisition and administration costs. Under excess-of-loss coverage, Everest pays only when losses exceed a specified attachment point, up to a contract limit. Everest receives premium for assuming that layer and normally does not share every underlying dollar of premium or loss. Property catastrophe excess-of-loss protection is a familiar example: the cedent keeps ordinary losses and transfers part of the severe event tail.

Customers buy treaty reinsurance to manage peak catastrophe exposure, protect capital, smooth results, add capacity, enter new markets, and limit concentration in specific lines or regions. The product is negotiated, often annually, through reinsurance brokers or directly with cedents. The largest global brokers aggregate information and purchasing power, so broker relationships and concentration are important commercial variables. Everest competes on price and terms, but also on ratings, claims credibility, capacity, breadth, and a track record of supporting cedents when market capacity tightens.

For FY2025, Reinsurance Treaty earned $10,496 million of premium and produced $902 million of underwriting gain. In H1 2026 it earned $4,915 million and produced $598 million of underwriting gain, a 12.17% underwriting margin. The current period shows the trade-off between volume discipline and margin: in 2Q26, the filing attributed lower treaty gross written premium partly to casualty underwriting actions and to lower property reinstatement premium and declining property rates. A smaller premium base can be economically attractive if Everest is rejecting underpriced risk; it can also signal that favorable market conditions are normalizing. The quality of the retained book matters more than premium growth alone.

Global Wholesale & Specialty

Global Wholesale & Specialty writes direct property-and-casualty insurance through brokers, including surplus-lines and general-agent channels. It serves commercial risks that may be too specialized, large, unusual, or complex for standardized retail insurance. The segment operates across the United States, Bermuda, Canada, Europe, Singapore, and South America through a network of offices and branches.

The customer sees an insurance policy rather than a reinsurance contract, but distribution remains intermediary-led. Brokers and agents present risks to carriers, negotiate coverage, and help clients assemble programs that may involve several insurers. Everest's value proposition is specialized underwriting judgment, responsive capacity, contract design, claims handling, and a strong balance sheet. The segment's economics depend on disciplined risk selection, price adequacy, portfolio mix, acquisition costs, and operating efficiency. Specialty markets can support attractive pricing when capacity is scarce, yet competition can erode terms quickly when capital flows in.

FY2025 net premiums earned were $2,927 million and underwriting gain was only $35 million, a 1.20% margin. H1 2026 net premiums earned were $1,427 million and underwriting gain was $57 million, a 3.99% margin. In 2Q26 the segment reported a 95.2% combined ratio. Its filing said premium growth in other specialty and professional liability was offset by reductions in specialty casualty, while technology-platform investment raised the underwriting expense ratio. This platform therefore has strategic relevance but not yet an underwriting margin comparable with the treaty franchise. The investment case must distinguish credible improvement in mix and scale from spending that merely delays acceptable profitability.

Legacy

Legacy is not a normal growth segment. It contains the divested and held-for-sale portions of Commercial Retail Insurance, policies connected with the sports-and-leisure business sold in October 2024, run-off asbestos and environmental exposures, discontinued insurance programs, and discontinued insurance and reinsurance classes. Its role is to administer policies and settle claims while reducing exposure in an orderly way. Certain commercial-retail policies may still renew on Everest paper for a finite period in 2026 during transition.

This has three implications. First, Legacy earned premium will decline with a lag because premium is recognized over the coverage period even after renewal rights have moved. Second, claims can persist much longer than premium, especially for casualty and latent exposures. Third, declining premium can make expense ratios and loss ratios appear worse because fixed costs and reserve charges are spread over a shrinking denominator. Investors should not value Legacy as a stable revenue stream; they should analyze the timing, uncertainty, and capital consumption of its obligations.

The historical record makes the issue visible. Legacy generated underwriting losses of $165 million in FY2023, $1,468 million in FY2024, and $726 million in FY2025. In H1 2026 it lost $58 million on $722 million of earned premium, materially better than the prior two full years but not evidence that all adverse development risk has disappeared. At 2026-06-30, Legacy also contained a large share of Everest's claim reserves. The sale of renewal rights transfers future customer renewals, not automatically every liability attached to policies Everest wrote before the transaction.

4. Unit economics by segment

Reinsurance Treaty unit economics

A dollar of treaty earned premium is consumed first by current-year and prior-year claims, then by ceding commissions and brokerage, and finally by Everest's underwriting expense base. The remainder is underwriting gain. Profitability improves

when pricing and terms compensate adequately for expected loss, capital usage, volatility, and uncertainty; when loss experience is favorable; when retrocession is efficient; and when expense scale improves. Profitability deteriorates when property rates soften, casualty loss trends outrun pricing, catastrophes exceed assumptions, or prior reserves develop adversely.

The segment is balance-sheet intensive even though conventional capital expenditure is low. It needs capital to support ratings, regulatory requirements, and modeled tail risk. It also needs liquidity or reliable collateral arrangements to pay large claims. Growth is constrained not by factories but by risk appetite, capital, retrocession availability, and the willingness of customers and brokers to allocate attractive business. High premium growth can destroy value if it occurs at inadequate rates; shrinking at the right time can preserve capital and improve long-term returns.

Global Wholesale & Specialty unit economics

The direct specialty segment retains more policy-level underwriting and claims infrastructure than treaty reinsurance. A dollar of earned premium funds claims, broker or agent compensation, premium taxes and fees, and operating expenses such as underwriters, claims professionals, systems, compliance, and distribution support. Scale can lower the internal expense burden, but adding offices, talent, and technology ahead of earned premium depresses near-term margins.

The segment's low FY2025 margin and 95.2% 2Q26 combined ratio show that revenue alone is not enough. A credible path to better economics requires sustainable loss-ratio improvement and/or expense leverage without relaxing underwriting. The recent reduction in specialty casualty exposure may improve risk quality while slowing top-line growth. Investors should demand evidence through accident-year loss ratios, reserve development, expense ratios, and renewal pricing rather than treating the strategic label “specialty” as proof of superior economics.

Legacy unit economics

Legacy's revenue base is designed to contract. The economically relevant variables are remaining earned premium, claim emergence, reserve adequacy, operating costs, recoveries from reinsurance or adverse-development protection, and the release of capital as obligations decline. A dollar of premium may carry a disproportionate cost burden because the denominator is shrinking. Reported improvement can arise from fewer new losses, favorable reserve development, or reduced expenses, but it can reverse if old casualty or latent claims emerge worse than expected.

Legacy also creates an interpretation problem for consolidated growth. As renewal rights transfer to AIG and other businesses run off, company premiums can decline even if the two core segments are stable. Conversely, consolidated underwriting margins may improve mechanically if a loss-making book shrinks. The durable question is whether the active franchises produce attractive profits after corporate expenses and whether Legacy exits without consuming a material share of those profits.

5. Current financial profile

The TTM ended 2026-06-30 is the correct current earnings base. It contains 3Q25, 4Q25, 1Q26, and 2Q26 and therefore includes both the difficult late-2025 underwriting period and the improved first half of 2026. TTM total revenue was $16,772 million, underwriting gain was $527 million, pretax income was $2,243 million, net income was $1,913 million, and net income available to common shareholders was $1,890 million. Using approximately 40.26 million day-weighted diluted shares, TTM diluted EPS was approximately $46.95.

TTM operating bridge	USD millions
Net premiums earned	14,781
Net investment income	2,192
Net gains (losses) on investments	-148
Other income (expense)	-53
Total revenue	16,772
Underwriting gain (loss)	527
Derived pre-interest operating subtotal	2,389
Income before taxes	2,243
Net income	1,913

The pre-interest operating subtotal is a transparent analytical bridge, not a GAAP line reported by Everest. It equals underwriting gain plus net investment income, investment gains or losses, corporate expenses, and other income or expense, with a $1 million TTM rounding residual in the sealed reconciliation. Interest remains below that subtotal. FMP's `operatingIncome` is not comparable with Everest's segment **Underwriting gain (loss)** and is not used as a substitute.

The recent earnings pattern is highly sensitive to Legacy. Consolidated segment underwriting gain was $1,219 million in FY2023, a $356 million loss in FY2024, and a $211 million gain in FY2025. Reinsurance Treaty remained profitable in all three years, but its underwriting gain moderated from $1,204 million in FY2023 to $1,077 million in FY2024 and $902 million in FY2025. Global Wholesale & Specialty fell from $180 million to $36 million and then $35 million. Legacy's losses explain much of the consolidated disruption. H1 2026 improved markedly: Reinsurance Treaty generated $598 million, Global Wholesale & Specialty $57 million, and Legacy lost $58 million, for consolidated underwriting gain of $597 million.

6. Float, investments, reserves, and capital

Insurance float arises because premiums are generally received before claims are paid. Everest invests that cash, but the float is not equivalent to free corporate cash: it backs policyholder obligations. At 2026-06-30, investments and cash were $44,863 million, while gross loss and LAE reserves were $34,735 million. The company also reported $62,167 million of total assets and $15,430 million of shareholders' equity. These magnitudes show why investment results are economically important and why a simplistic industrial-company valuation framework is inadequate.

Net investment income was $2,192 million for the current TTM, more than four times the $527 million underwriting gain. That does not make underwriting optional. The investment portfolio exists because Everest assumes insurance obligations; underwriting losses can consume capital, force asset sales, or reduce future underwriting capacity. Higher interest rates can lift reinvestment income over time but can also reduce the market value of existing fixed-income securities. Credit deterioration, equity volatility, private-asset valuations, foreign currency movements, and liquidity needs can affect results and book value.

Gross debt including Federal Home Loan Bank borrowings was $3,589 million at 2026-06-30, versus $1,117 million of cash, for analytical net debt of $2,472 million. Everest's disclosed debt-to-total-capital ratio was 14.3%, but that definition excludes FHLB borrowings. The full balance-sheet view matters when comparing leverage across insurers.

Regulatory and rating-agency capital are constraints distinct from GAAP equity. Operating subsidiaries must maintain capital sufficient for local solvency rules, policyholder protection, catastrophe exposure, and desired financial-strength ratings. Parent-company cash is also not interchangeable with subsidiary capital: dividends from regulated subsidiaries can be restricted. A large GAAP cash-flow number does not automatically mean management can distribute the same amount to shareholders without considering claim payments, collateral, regulatory approval, ratings, and growth opportunities.

7. Why cash flow and ROIC require care

Everest reported TTM operating cash flow of $2,000 million. Traditional property-and-equipment capital expenditure is not separately presented, and the quantitative foundation preserves a zero vendor field only as a visible statement convention. Calling the full $2,000 million “free cash flow” without qualification would be misleading. For an insurer, premium receipts, claim payments, collateral movements, reinsurance settlements, and investment purchases or maturities can dominate cash flow. These items are part of the operating model rather than clean separations between operations and financing.

Conventional return on invested capital is similarly fragile. Debt and equity do not capture the economic funding provided by reserves and other insurance liabilities, while invested assets are required to support those liabilities. Treating all investments as excess cash would overstate returns; treating all reserves as conventional debt would also distort the economics. The more useful framework examines underwriting profitability across a cycle, reserve development, investment returns relative to risk and liability duration, growth in book value per share plus distributions, regulatory capital efficiency, and the amount of capital needed to support catastrophe and casualty risk.

Share repurchases can improve per-share outcomes when made below intrinsic value and when capital remains adequate. Everest repurchased $1,122 million of shares over the current TTM and paid $324 million of common dividends. Diluted weighted-average shares declined from 42.7 million in FY2024 to 41.6 million in FY2025 and 38.8 million in 2Q26. That is meaningful, but the analysis must separate operating progress from financial engineering and test repurchases against reserve uncertainty, capital requirements, and the price paid.

8. Industry structure and competitive position

Global reinsurance and specialty insurance are mature, cyclical, and highly competitive. Capacity can come from traditional insurers and reinsurers, new entrants, catastrophe bonds, sidecars, insurance-linked securities, captives, and other alternative capital. Competitors differentiate through financial strength, price, contract terms, claims service, product breadth, broker relationships, geographic reach, and consistency of capacity.

Everest's credible advantages are scale, a global operating network, strong financial-strength ratings at active subsidiaries, long-standing broker and cedent relationships, product breadth, and the ability to allocate capital between treaty reinsurance and wholesale specialty insurance. Those attributes help the company see a wide opportunity set and write meaningful line sizes. They are not an impenetrable moat. Customers and brokers can redirect business, capital can enter attractive markets, and standardized catastrophe risk can increasingly be financed outside traditional balance sheets.

The most durable differentiator, if Everest has one, is underwriting judgment reinforced by data, claims experience, and the discipline to shrink when risk-adjusted prices are inadequate. This is observable only over time. Premium growth during a hard market is not proof; investors need favorable current accident-year economics, controlled catastrophe exposure, reserve credibility, and acceptable performance when pricing weakens.

The 2026 refocus may improve the signal. Removing much of Commercial Retail Insurance narrows the active franchise to treaty reinsurance and wholesale/specialty insurance, while Legacy makes the cost of old obligations more visible. The benefit is clearer accountability and potentially better capital allocation. The risk is that recasting does not remove liabilities, and that the remaining Global Wholesale & Specialty platform still needs to earn a higher margin.

9. Key sensitivities and monitoring priorities

Pricing cycle and business mix

Reinsurance pricing responds to catastrophe losses, capital availability, interest rates, cedent demand, and competitive behavior. In 2Q26, Everest cited declining property rates and lower reinstatement premium as contributors to lower treaty volume. Casualty underwriting actions also reduced premium. Investors should favor evidence of disciplined selection over indiscriminate growth, but prolonged rate pressure can reduce margins even for disciplined carriers.

Catastrophe volatility

No quarterly earnings path can be treated as smooth. The core treaty segment intentionally accepts peak-zone and event risk. Monitor the catastrophe-loss ratio, changes in probable maximum loss, retrocession purchases, reinstatement premium, and exposure growth by peril and region. A quiet half-year is not a normalized guarantee, while one severe quarter does not automatically invalidate a sound full-cycle book.

Casualty inflation and reserves

Social inflation, litigation trends, medical and wage inflation, and changing legal interpretations can extend claim duration and severity. Legacy's FY2024 and FY2025 losses show the stakes. Monitor prior-year reserve development by segment, changes in case and incurred-but-not-reported reserves, paid-loss patterns, and disclosures around adverse-development protection. Reinsurance recoverables reduce gross exposure but introduce contract and counterparty dependence.

Core specialty profitability

Global Wholesale & Specialty's 1.20% FY2025 underwriting margin and 95.2% 2Q26 combined ratio leave limited room for adverse events. Monitor whether technology and staffing investments produce expense leverage, whether reductions in specialty casualty improve loss experience, and whether growth in professional liability and other specialty lines is adequately priced.

Legacy runoff

Legacy premium should fall, but reserve risk can outlive revenue by years. Monitor the pace of premium runoff, underwriting losses, reserve development, expense burden, asset or subsidiary sales, recoveries under protection agreements, and capital released. The right endpoint is not merely lower premium; it is a controlled reduction in obligations without recurring reserve charges.

Capital allocation

Repurchases have reduced diluted shares, but they compete with catastrophe capacity, regulatory buffers, ratings support, and potential growth opportunities. Monitor share count, repurchase price, dividends, debt including FHLB borrowings,

subsidiary dividend capacity, and changes under Bermuda group supervision.

10. Investor takeaway

Everest should be viewed as a portfolio of three distinct economic tasks. Reinsurance Treaty is the established earnings engine, but it operates in a cyclical market and must prove discipline as property rates soften. Global Wholesale & Specialty is an active growth and improvement platform whose current margins are modest relative to the treaty franchise. Legacy is a runoff and liability-management problem, not a growth business, and its reserve outcomes can dominate consolidated volatility.

The current financial profile is stronger than the difficult FY2024 and FY2025 segment results alone imply: H1 2026 produced $597 million of underwriting gain, while TTM net investment income remained a large earnings contributor. Yet the apparent recovery should not be extrapolated mechanically. Underwriting gain depends on catastrophe experience and reserve estimates; investment income depends on a large portfolio that backs policyholder liabilities; and the Commercial Retail exit reduces future premium before it necessarily removes old claims.

For a long-term investor, the central question is whether Everest can compound book value per share and distributions through full insurance cycles while maintaining reserve credibility and adequate capital. The required evidence is a durable sub-100 combined ratio in the active franchises, acceptable prior-year development, disciplined catastrophe exposure, improving Global Wholesale & Specialty economics, orderly Legacy runoff, and capital returns made from genuine excess capital. Reported revenue growth or one quiet catastrophe period is not enough.

11. Sources and evidence discipline

All financial figures in this primer come from the reconciled `quant_foundation.md`, whose eight checks passed and whose sealed inputs are: quantitative foundation SHA-256 `9a6a1a50e53c13baa48f104857547db1917edfe3f4d1799675ff4e14dcbc603d`; quote packet SHA-256 `0dc2aafc6667f699ee9a0d6f4dd339f6c9765deb01ec3701405327b29a8e93bc`; statutory bridge SHA-256 `307ca56bdbe5ea78ae0617e3547a5d6b4a29b88ac2155f9e0a16b7352320f883`; and QFR SHA-256 `193a08a1609bb0ab50c7aeead084ea2ff4a2e9ffc963f926dabeafce030dd32b`.

The contemporaneous `data_package.md` was still an in-progress placeholder during this Wave 1 primer stage, so it supplied no qualitative evidence. Qualitative descriptions were checked against fresh live pulls archived under `raw\20260808T163323Z`:

Source	Citation detail	Purpose	Live URL
Everest FY2025 Form 10-K	Filed 2026-02-26; Item 1, pp. 1-19; Item 7, pp. 40-67	Business model, distribution, products, competition, reserves, investments	[SEC filing](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000006/eg-20251231.htm)
Everest 2026 segment recast	Filed 2026-06-03; Exhibit 99.1, Business / Segments Overview and recast Note 7	Controlling 2026 segment taxonomy and Commercial Retail / Legacy treatment	[SEC Exhibit 99.1](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000027/eg-20260603_d2.htm)
Everest 2Q26 Form 10-Q	Filed 2026-08-03; Item 2, pp. 37-65	Current segment trends, capital, liquidity, and reserve context	[SEC filing](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000032/eg-20260630.htm)
Everest 2Q26 financial supplement	Released 2026-07-29; pp. 7-11 and 20-21	Current insurer KPI cross-check	[Everest Investor Relations](https://s203.q4cdn.com/937887252/files/doc_financials/2026/q2/Everest-Financial-Supplement-2Q26.pdf)
FMP stable `profile?symbol=EG`	Live retrieval 2026-08-09	Secondary profile and listing check; old two-segment description rejected for current taxonomy	[FMP endpoint documentation](https://site.financialmodelingprep.com/developer/docs/stable/company-profile)

The FMP profile fetched live during this stage still described the former two-segment Insurance and Reinsurance structure. It was archived as secondary evidence but was not used to override the SEC's effective-2026 three-segment taxonomy. No cached warehouse, prior report, transcript, financial, or segment file was used as research evidence.

Appendix M — Management Assessment

Everest Group, Ltd. — Management Assessment

As of: 2026-08-09 **CEO evidence window:** Jim Williamson became acting CEO on 2025-01-05 and President and CEO on 2025-01-22. **Forecast accountability window:** TTM ended 2026-06-30; five-year horizon ends 2031-06-30. **Management gate: YELLOW — investable but unresolved.** Williamson has acted decisively on inherited and partly owned reserve problems, simplified the portfolio, improved disclosure, and made discounted repurchases a real priority. He has not yet demonstrated that the revised reserve governance can prevent another material casualty surprise, and his roughly 18 months as CEO is too short to establish a five-year stewardship record.

1. Who is running the company

Role	Executive	Tenure and relevant prior experience	Present accountability
President and CEO	Jim Williamson	CEO since January 2025; Everest Group COO from 2020; Head of Reinsurance from May 2021; leadership expanded to global reinsurance and insurance in March 2024; previously seven years at Chubb, including President of North America Small Business, after more than eight years at The Hartford	Group strategy, capital allocation, portfolio construction and the ultimate reserve-control environment
Group CFO	Elias Habayeb	Effective May 2026; previously CFO of Corebridge Financial; earlier CFO roles in AIG General Insurance and Life & Retirement, AIG Deputy CFO and Chief Accounting Officer, ILFC CFO, and Deloitte partner	Finance, actuarial oversight, capital management and investor disclosure
Reinsurance Treaty	Jill Beggs	CEO of Reinsurance since July 2025; joined Everest in 2021; formerly North America Reinsurance head and Reinsurance COO; previously two decades at Munich Re	The largest underwriting engine and its casualty reserve discipline
Global Wholesale & Specialty	Jason Keen	Appointed to lead GWS in October 2025; built Everest's international insurance platform from 2022; previously Division President and CEO of Chubb Global Markets	Profitable scaling of the retained specialty platform
Legacy / Capital Solutions	Gary Haase	Joined in December 2025 as CEO of Legacy Operations; previously CNA COO and Catalina Group COO; FCAS with run-off and actuarial experience	Legacy reserve runoff, operational separation, asset sales and capital release
Independent Chairman	John A. Graf	Director since 2016; independent Chairman since 2025; chairs the Investment Policy Committee	CEO challenge, board agenda, capital and strategy oversight

The current team is substantially new around Williamson. Habayeb has been in seat for only one reported quarter, while Beggs, Keen and Haase assumed their present mandates during 2025. This is a capable bench on paper but not yet a seasoned operating unit. The current roster and backgrounds are supported by the [2026 proxy](https://www.sec.gov/Archives/edgar/data/1095073/000162828026024596/eg-20260406.htm), the [CFO appointment filing](https://www.sec.gov/Archives/edgar/data/1095073/000109507325000088/everestre-20251117.htm), and Everest's official leadership biographies.

The board has 11 directors, 10 independent, with fully independent audit, compensation and nominating committees. Four independent directors joined in 2025 and the chairman is separate. However, three directors have served since 2012 or earlier, there are no term limits, and the legacy board shares responsibility for oversight during the retail buildout and reserve failures.

2. Tenure, decisions and accountability

Williamson is not a clean outside turnaround hire. He was COO from 2020, Head of Reinsurance from 2021, and responsible for both global underwriting businesses from March 2024. He therefore deserves credit for the remediation begun in July 2024, but he also shares accountability for the risk selection, reserving, systems and reporting that preceded it. The key

question is not whether he inherited a problem; it is whether the operator who was close to the problem learned fast enough to prevent a recurrence.

His three largest decisions are observable:

Decision	Timing	Evidence and outcome so far	Assessment
Re-underwrite casualty and protect the back book	July 2024 through October 2025	The one-renewal program removed targeted business; FY2024 and FY2025 prior-year reserve loss impacts were about $1.5 billion and $657 million; two adverse-development covers add $1.2 billion of gross limit above the covered reserve position	Necessary and decisive, but proof is incomplete because reserve deterioration recurred elsewhere in Reinsurance in 2Q26
Exit Commercial Retail and simplify the model	October 2025 onward	Renewal rights for about $2 billion of commercial-retail gross premium went to AIG; Canada was agreed for C$410 million; Colombia is also being sold; reporting shifted to Reinsurance Treaty, GWS and Legacy	Strategically coherent simplification, but it reverses an earlier international retail expansion Williamson helped oversee
Return excess capital through repurchases	2025 through 1H26	Buybacks rose from $200 million in 2024 to $797 million in 2025 and $725 million in 1H26; management set a $300 million quarterly floor for 2026 and exceeded it through June	The clearest favorable allocation evidence; recent, valuation-aware and per-share oriented

The financial record explains why a PASS is premature. Group underwriting moved from a $1.219 billion gain in 2023 to a $356 million loss in 2024 and a $211 million gain in 2025. Legacy lost $1.468 billion in 2024, $726 million in 2025 and $707 million TTM at June 2026; group insurer-adjusted ROIC fell from 19.60% in 2023 to 9.38% and 9.97% in 2024-2025. Williamson later described the old insurance casualty book as bottom-quartile and said 80% of 2025 U.S. casualty development came from policies eliminated in remediation. The candor came after capital destruction.

Learning is visible in the new GWS leader, dedicated Legacy executive and finite ADC buffer. Reserve forecasting is weaker. In 3Q25 the outgoing CFO said the Reinsurance position was comfortable and higher-end uncertainty was not visible; in 4Q25 he called reserves adequate. In 2Q26, the new CFO disclosed just under $200 million of North American casualty Reinsurance strengthening while retaining current-year picks pending the full study. Management's confidence language has outrun the evidence.

3. Capital allocation behavior

The five-year allocation record from the reviewed [data package](data_package.md) is:

Year	Traditional capex	R&D	Buybacks	Dividends	M&A cash outflow
2021	Not separately reported	Not applicable	$225M	$247M	$0M
2022	Not separately reported	Not applicable	$61M	$255M	$0M
2023	Not separately reported	Not applicable	$0M	$288M	$0M
2024	Not separately reported	Not applicable	$200M	$334M	$0M
2025	Not separately reported	Not applicable	$797M	$335M	$0M

For an insurer, underwriting capacity, data, talent and the investment portfolio matter more than industrial capex. There is no serial acquisition problem or balance-sheet goodwill. Williamson says any acquisition must beat the return from buying Everest below book, remain small and fit the strategy. That is a sensible hurdle.

Repurchases look price-sensitive: absent in 2023, modest in 2024 and accelerated as valuation weakened. Yet diluted shares averaged 39.3 million in 2021 and 41.6 million in 2025, so five-year discipline has not reduced the average share base. The 1H26 program is reversing that, but buybacks must remain subordinate to reserves and financial strength.

4. Compensation alignment

Element	2025 CEO target mix	Metric or form	Assessment
Base salary	14%	Fixed cash	Reasonable minority of target pay
Annual incentive	28%	60% Adjusted Net Operating Income ROE; 40% individual performance	ROE is appropriate for an insurer, but the 40% subjective portion is large

Element	2025 CEO target mix	Metric or form	Assessment
Performance share units	29%	Three-year awards; 2025 grant uses 50% Adjusted NOI ROE and 50% relative change in TSR	Better than revenue incentives, but lacks an explicit reserve-development or absolute per-share hurdle
Restricted shares	29%	Time-vested over three years	Retention-heavy; only half of annual equity is performance-conditioned

The proxy's “TSR” is book-value-per-share growth excluding unrealized fixed-income movements plus dividends, not market TSR. That rewards per-share value, although relative ranking can pay despite mediocre absolute results. ROE and book value are more natural than ROIC for an insurer. Catastrophe normalization is bounded; no adjustment was made for 2025.

The 2025 pay decision was mixed. Adjusted operating ROE was 12.4% versus a 15% target. Williamson's financial component fell to about $1.013 million, but a $1.188 million individual award produced a $2.2 million bonus against a $2.5 million target. Paying below target was appropriate; subjective credit offsetting part of a reserve-driven miss weakens accountability.

At 2026-03-16, Williamson beneficially owned 29,636 shares, including 17,913 unvested restricted shares. The remaining roughly 11,723 shares are meaningful but below the six-times-salary guideline if unvested awards are excluded; formal compliance is therefore less demanding than purchased capital at risk. Share-based compensation was only about 0.34%-0.37% of revenue in each of 2021-2025.

Governance protections are solid: a broad clawback covers accounting restatements and material willful misconduct; hedging and pledging are prohibited; the CEO guideline is six times salary and other named executives three times; and change-in-control benefits require a double trigger. The maximum 2025 PSU payout increased from 175% to 200%, which raises leverage without adding a reserve-quality gate.

5. Disclosure quality, question handling and guidance credibility

I reviewed eight consecutive calls from 3Q24 through 2Q26 using live FMP transcript pulls archived under `raw/20260808T163323Z`. This span covers the reserve warning, CEO transition, remediation, AIG transaction, new segments and the latest Reinsurance reserve strengthening.

Call	Load-bearing question handling	Subsequent read-through
3Q24	CFO said he saw no scenario in which the reserve study would impair buybacks or excess capital; management acknowledged elevated U.S. casualty activity	Overconfident before the roughly $1.5 billion FY2024 reserve-development loss became visible
4Q24	Directed investors to global loss triangles, IBNR and ultimate-loss-ratio disclosures; Williamson bluntly separated bottom-quartile primary insurance from Reinsurance	Better disclosure, but the earlier insurance profitability outlook was not achieved
1Q25	Quantified non-renewals, rate and a $200 million repurchase; defended conservative loss picks	Direct and measurable
2Q25	Disclosed loss triangles and ongoing reserve-margin building; kept capital return tempered for wind season	Prudent tone, though retail profitability was still weak
3Q25	Gave detailed chronology, ADC attachment, $1.2 billion limit and AIG rationale; called the cover “finality”	Excellent transaction disclosure, but “finality” applies only to defined covered exposures
4Q25	Anchored GWS near a mid-90s all-in combined ratio and group underwriting expense ratio in a 6%-7% range	Both were broadly tracking through 1H26
1Q26	Set a minimum $300 million quarterly repurchase pace and expected Legacy capital release to become visible in 2H26	H1 buybacks of $725 million met the capital-return commitment
2Q26	New CFO quantified the casualty strengthening at just under $200 million, described affected years and retained current-year picks pending study	Direct response; also evidence that prior reserve comfort was premature

Everest does not give full EPS or revenue guidance, so a conventional score would be false precision. The one-renewal remediation was completed, the 2026 repurchase floor met, GWS profitability is near its indicated range and Legacy is shrinking. However, the old low-90s Insurance combined-ratio aspiration failed and 2Q26 weakened “adequate” and “finality” language. Three of eight calls contained at least one materially hedged or non-quantified answer: 4Q24 reserve sufficiency,

4Q25 ultimate buyback capacity and 1Q26 capital-release timing.

Voluntary disclosure has improved. Everest published more granular global loss triangles, separated Legacy, retrospectively recast 2023-2025 into the new segments, disclosed current-quarter segment reserves and actuarial ranges, and detailed the ADC counterparties and structure. Limits remain: there is no recast 2021-2022 segment history, no current-taxonomy Legacy product table, and management still relies heavily on adjusted ROE and “risk margin” language not fully reproducible by outsiders. Disclosure is above its own 2024 level but not yet peer-leading.

6. Strategic coherence and ability to compound per share

Williamson's stated destination is “one global firm through two underwriting engines”: Reinsurance and Global Wholesale & Specialty, with Legacy in runoff. This is coherent with actual resource moves: the AIG renewal-rights sale, Canada and Colombia exits, dedicated Legacy leadership, GWS consolidation, third-party capital through Annapurna Re, and buybacks. The 2025 shareholder letter also states that disciplined capital allocation is the CEO's first responsibility and that repurchases are prudent given capital, generation and valuation. The strategy is no longer growth for scale; it is underwriting profit, capital efficiency and book-value-per-share growth.

This is also a reversal of retail and international expansion while Williamson was COO and later leader of both underwriting divisions. Shareholders funded the buildout, absorbed stranded costs and reserve losses, and accepted a renewal-rights exit rather than a clean back-book sale. The strategy has earned coherence, not execution proof.

For 2031, the team can plausibly compound per-share value if three things hold: Reinsurance casualty reserves stabilize; GWS sustains mid-90s or better all-in combined ratios without chasing top-line growth; and released Legacy capital is repurchased below a conservative estimate of intrinsic value without weakening ratings or catastrophe capacity. For 2046, confidence must rest on institutional systems rather than Williamson personally. The separate Risk Committee, formal Risk Appetite Statement, quarterly Chief Risk Officer review, underwriting and financial risk committees, dedicated chief actuary, and refreshed board are the right architecture. The 2024-2026 reserve sequence shows that architecture has not yet proven it can catch social-inflation deterioration early enough.

7. Governance flags

There is one common share class, no controller, and a 9.9% Bermuda voting cap. No material related-party transaction, restatement, material weakness or material SEC enforcement action was disclosed. KPMG and management found 2025 internal control effective, though accounting controls do not validate actuarial estimates.

The latest 12-month Form 4 review found no clustered executive selling. Williamson's dispositions were transaction-code F withholdings for taxes, not open-market sales. Jason Keen sold 775 shares in May 2026, a small isolated transaction. Directors Galtney and Levine made open-market purchases in October 2025. Insider activity is neutral to modestly positive.

Reserve and catastrophe governance is formal: the board reviews an annual Risk Appetite Statement covering P&C and natural-catastrophe limits; a dedicated Risk Committee meets quarterly with the Chief Risk Officer; the Investment Policy Committee oversees portfolio risk; and management's Enterprise Risk Committee includes the CEO, CFO, chief actuaries, underwriting chiefs, chief risk officer and Legacy leader. The latest disclosed 1-in-100 net economic catastrophe loss was 8.1% of 2Q26 equity, down from 10.9% at FY2025. The governance structure is credible; reserve outcomes remain the harder test.

8. Peer comparison

CEO and peer	Capital stewardship and per-share record	Disclosure	Relative rank versus Williamson
Marc Grandisson, Arch Capital	Arch's 2026 proxy reports five-year annualized ROE of 18.6% and five-year tangible book-value return per share of 115.5%; 2025 book value per share rose 22.6%	Consistent focus on book value, cycle management and segment economics	Clearly stronger five-year stewardship record
Kevin O'Donnell, RenaissanceRe	2025 operating ROE was 18.2%; tangible book value per share plus dividends rose 30.8%, and the metric more than doubled over three years	Clear “three drivers of profit” framework and detailed capital-partner economics	Stronger demonstrated allocator; greater acquisition/integration complexity
Evan Greenberg, Chubb	2025 core operating ROE was 13.7%; book value per share rose 18.0% and tangible book value per share 25.7%	Direct, long-tenured and unusually consistent on pricing, loss costs and cycle conditions	Stronger culture and cycle-tested stewardship record

Peer figures are directional and metric definitions differ. Sources are Arch's [2026 proxy](https://www.sec.gov/Archives/edgar/data/947484/000094748426000038/acgl-20260324.htm) and [2025 10-K](https://www.sec.gov/Archives/edgar/data/947484/000094748426000017/acgl-20251231.htm), RenaissanceRe's [2025 results](https://investor.renre.com/news-events/press-releases/detail/386/renaissancere-reports-2-6-billion-of-annual-net-income-available-to-common-shareholders-and-1-9-billion-of-operating-income-available-to-common-shareholders-in-2025), and Chubb's [2025 results](https://investors.chubb.com/News--Events/news/news-details/2026/Chubb-Reports-Fourth-Quarter/default.aspx). Williamson ranks fourth today because his corrective action is promising but his attributable record includes the reserve failure and is much shorter.

9. Verdict and monitorable tests

Management gate: YELLOW. Everest is investable on management grounds only provisionally. Williamson has been candid after the fact, exited a lower-return strategy, installed explicit segment ownership, protected part of the back book, and repurchased shares at a valuation he considers attractive. Incentives and board independence are acceptable, disclosure is improving, and there is no evidence of governance abuse. The unresolved issue is whether reserve controls have truly changed: a management team that called Reinsurance reserves comfortable in late 2025 still strengthened North American casualty reserves in 2Q26.

Upgrade to **PASS** requires all of the following through at least FY2028:

- No material adverse development outside the covered Legacy/GWS book and no meaningful erosion of the $1.2 billion ADC limit; annual reserve studies must validate current-year loss picks.
- GWS sustains an all-in combined ratio of approximately 95% or better while Reinsurance casualty pricing remains above trend, without renewed volume-led risk taking.
- Legacy underwriting loss becomes immaterial to group earnings by 2027, the Canada and Colombia exits close as planned, and released capital produces a durable reduction in diluted shares and growth in book value per share plus dividends.
- Compensation adds a more explicit reserve-quality, absolute book-value-per-share or risk-adjusted return gate, and subjective awards do not offset future reserve misses.

Downgrade to **FAIL** on any one of these signals:

- Another material casualty reserve strengthening after the 2026 studies, especially in Reinsurance, or language that again declares “finality” without a reconciled reserve bridge.
- Buybacks continue at a high rate while rating capital, catastrophe protection or reserve confidence deteriorates.
- GWS growth is prioritized over underwriting income, the combined ratio remains above 100% for four consecutive quarters, or management pursues a material acquisition inconsistent with the two-engine strategy.
- The board pays at or above target despite a material reserve miss by relying on subjective or catastrophe-normalized adjustments.

Source control

All Everest financial history in this appendix comes from the reviewed, sealed [data package](data_package.md), whose supplied SHA-256 is `122c6691e723614c937c683beaaa4958ccf986ac35510c4e0070f5cc03eb7109`. Governance and incentive facts come from the live [2026 proxy](https://www.sec.gov/Archives/edgar/data/1095073/000162828026024596/eg-20260406.htm); strategy and controls from the live [2025 10-K](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000006/eg-20251231.htm); the AIG transaction from the [official release](https://www.sec.gov/Archives/edgar/data/1095073/000109507325000082/exhibit991.htm); the Canada sale from the [official 8-K](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000014/everestre-20260322.htm); and the new segment architecture from the [official recast filing](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000027/eg-20260603_d2.htm). Eight FMP transcript

pulls were fetched live and archived without using warehouse or cache evidence. Newly pulled FMP JSON and normalized text copies were added to the investing data warehouse without overwriting any existing file. No source blocker remains; the only evidence gap is the necessarily short operating record of the current CEO/CFO/segment configuration.

Appendix W — Moat and 2046 Durability

Everest Group, Ltd. — Moat and 2046 Durability

Prepared 2026-08-09. Fiscal year-end is December 31; the latest completed quarter is 2Q26 ended 2026-06-30; TTM ends 2026-06-30; and the ER2 forecast horizon is 2031-06-30, exactly 5.0 years. All Everest financial figures below come from the sealed, reviewed [data package](data_package.md), SHA-256 `122c6691e723614c937c683beaaa4958ccf986ac35510c4e0070f5cc03eb7109`. The quote packet and statutory bridge hashes match the supplied seals. Fresh evidence from FMP stable, Everest IR, SEC EDGAR, AM Best, NAIC, and primary industry sources was checked live; it supplements rather than replaces the reviewed package.

Executive conclusion

Everest has a valuable **underwriting franchise**, especially in Reinsurance Treaty: global licenses, A-rated claims-paying entities, enough capital to deploy meaningful limits, broker and cedent relationships, experienced underwriters, accumulated claims data, and access to retrocession and third-party capital. These advantages win Everest a seat at renewal tables and allow it to select among risks. They do not confer control over the market-clearing price of risk. Reinsurance buyers can divide placements among carriers, brokers can redirect flow, underwriting talent can move, catastrophe models are widely available, and traditional plus insurance-linked-securities capital enters when returns are attractive. The current softening cycle makes that distinction observable.

The earnings record is too volatile for a Gideon-quality 20-year moat. Consolidated underwriting results swung from gain to loss and back, derived pre-interest margins moved widely, and insurer-adjusted ROIC reached only 9.97% in FY2025 after 9.38% in FY2024. Reinsurance Treaty remained profitable but its margin compressed over the recast history. Global Wholesale & Specialty (GWS) has scale ambitions but has not demonstrated excess economics. Legacy is a runoff and reserve-management burden, not a competitive advantage. Everest therefore clears the “credible franchise” bar but fails the higher “protectable excess returns through 2046” bar.

1. Moat taxonomy applied

Network effects — weak. Everest does not have a classic user network in which every additional customer makes the product intrinsically more valuable to every other customer. A wider portfolio can improve diversification, information, and relevance to brokers, while participation across many programs creates market intelligence. Those are scale and learning effects, not a self-reinforcing network. Cedents can and routinely do place layers with multiple reinsurers. Brokers can compare terms across substantial global capacity. Everest's network creates access, but it does not lock in demand.

Switching costs — low to moderate. Long-tail claims, bespoke treaty wordings, collateral arrangements, and cedent familiarity make an abrupt replacement inconvenient. A cedent values continuity because a reinsurer that knows its portfolio can underwrite faster and may respond more reliably after losses. Yet reinsurance is deliberately renewed, repriced, and syndicated. Each renewal is an opportunity to change shares, layers, attachment points, or carriers. GWS policyholders similarly buy through intermediaries, and the 2025 sale of commercial-retail renewal rights shows that distribution can migrate without the whole legal entity moving. Operational friction exists; hard contractual lock-in does not.

Scale economies — real but bounded. Scale supports ratings, global licenses, catastrophe diversification, larger line sizes, dedicated claims and actuarial teams, technology spending, and access to retrocession. Treaty benefits most because cedents and brokers need dependable capacity across regions and products. Everest can also spread fixed compliance and modeling costs over a large premium base. However, scale increases accumulated catastrophe and casualty exposure, and more capital does not automatically create better risk-adjusted pricing. Alternative capital can reproduce catastrophe capacity without building a full multiline insurer. Scale is a qualification and an efficiency advantage, not an entitlement to superior margins.

Brand — meaningful in high-trust procurement, not consumer pricing power. The brand is the promise that Everest will understand a complex program, quote consistently, and pay valid claims years later. Its operating entities carry A+ financial-strength ratings from AM Best and S&P, with A1 at Moody's for the principal rated reinsurance entities, according to Everest's live [ratings page](https://investors.everestglobal.com/shareholder-resources/ratings/default.aspx). That matters because the product may not be tested until long after the premium is paid. But AM Best's live review shows an A+ financial-strength rating with a **negative outlook**, an important contrary signal rather than a cosmetic footnote ([AM Best](https://ratings.ambest.com/RatingReview.aspx?AltNum=1883519&AltSrc=3&Ext_Misc=CompanyProfile%3A&Ext_User=66.249.6

4.197&PPP=&Portal=0&Site=&URatingId=0&ambnum=58455&bl=0)). The rating franchise is valuable but conditional on balance-sheet and reserve credibility.

Regulatory licenses and capital — a barrier to entry, not protected pricing. Everest's regulated entities, Bermuda and U.S. capital frameworks, Lloyd's platform, and cross-border authorizations take years to build. Capital and licensing restrict lightly funded entrants from promising long-dated claims payments. They also constrain Everest: subsidiary dividends, catastrophe exposure, reserves, and rating-agency capital determine deployable capacity. At 2Q26, the reviewed package records shareholders' equity of $15.430 billion and issuer-defined debt to total capital of 14.3%. That supports trust and line size, but established peers possess the same regulatory infrastructure. The barrier protects the industry pool more than Everest's individual spread.

IP, proprietary data, and modeling — moderate capability, weak exclusivity evidence. Decades of submissions, claims, pricing decisions, audits, and cedent relationships should create useful proprietary data. Expert judgment is especially valuable where exposure data are incomplete and contractual language matters. Everest also describes growing analytical and technology capabilities. But the FY2025 [Form 10-K](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000006/eg-20251231.htm) warns that competitors may be more effective in technology and evolving analytics. The record does not disclose a unique model, patent, exclusive dataset, or independently measured selection advantage. Widely used catastrophe models, broker analytics, public hazard data, and increasingly capable AI narrow the information gap. Treat analytics as necessary table stakes until a full cycle of loss outcomes proves otherwise.

High-trust procurement — the strongest category. Reinsurance Treaty is purchased on more than a quoted price: claims performance, wordings, responsiveness, capacity consistency, credit quality, and cedent-specific knowledge matter. Everest writes through brokers and directly, giving it two routes to clients. The 10-K identifies long-standing client and broker relationships as central and describes financial strength, range of products, distribution, claims management, and service as competitive dimensions. This is the clearest moat mechanism. Its limitation is bargaining structure: a trusted provider can win preferred allocations, but intermediaries still aggregate competing capital and clients can reduce shares when price or terms diverge.

2. Per-segment moat

Reinsurance Treaty — strongest franchise; 5-year durable, 10-year plausible, 20-year unproven. Treaty contributed 67.45% of FY2025 net premiums earned and all of the company's positive underwriting result after the weak GWS contribution and Legacy loss. Its advantage is the bundle of ratings, capacity, global distribution, cedent knowledge, claims credibility, product breadth, underwriting talent, and the willingness to supply capacity consistently. A competitor attacks by hiring teams, undercutting price, matching lines with abundant capital, or using ILS vehicles for catastrophe risk. It fails in the near term if it lacks ratings, local access, deep cedent context, or post-loss credibility. It can succeed over a decade because talent, models, and capital are mobile. The earliest warning is not one soft renewal; it is sustained share loss with worse-than-peer reserve development or margins even after Everest shrinks inadequately priced books.

Global Wholesale & Specialty — a platform, not yet a moat; 5-year question, no 10- or 20-year proof. GWS has specialty underwriters, wholesale broker access, admitted and non-admitted paper, international reach, and product breadth. In true specialty niches, scarce expertise and bespoke claims handling can support attractive economics. The segment evidence does not yet show that these advantages are monetized. Underwriting-gain margin fell from 6.70% in FY2023 to 1.25% in FY2024 and 1.20% in FY2025. A competitor attacks by hiring the same producers and underwriters, offering more capacity, or using delegated/program distribution. The earliest sign of improvement is several years of better accident-year loss ratios and expense leverage without adverse reserve development; the break signal is growth returning before reserve credibility and margins recover.

Legacy — no moat; runoff duration depends on claims, not customers. Legacy contains divested, held-for-sale, and discontinued exposures. It does not need competitive differentiation to win new business; its job is to settle claims, collect recoveries, control expenses, and release capital. Its underwriting margins were negative in each recast year, including severe losses in FY2024 and FY2025. A specialist runoff counterparty, adverse-development provider, or claims administrator can often perform parts of this work. The segment can become less damaging over five to ten years, but latent casualty and asbestos/environmental claims can last longer. Its earliest favorable signal is declining gross reserves and expenses without fresh adverse development; its break signal is recurring reserve strengthening after premium becomes immaterial.

Blended moat. The equity cannot be judged on Treaty alone. FY2025 GWS and Legacy together represented 32.55% of net premiums earned, and Legacy still held 23.0% of gross loss and LAE reserves at 2Q26. The active franchise is more focused

after the retail exit, but liabilities did not leave as quickly as renewal rights. Treaty is a genuine franchise; the blended company remains burdened by one unproven active platform and one non-economic runoff pool.

3. Margin persistence and returns evidence

The reviewed package supplies five years of consolidated history and three years under the current segment taxonomy. That is less than the requested ten-year consolidated and five-year current-segment series, so the historical proof is incomplete by construction; no old-taxonomy numbers are back-solved.

Metric	FY2021	FY2022	FY2023	FY2024	FY2025
Consolidated combined ratio	97.8%	96.0%	90.9%	102.3%	98.6%
Derived pre-interest subtotal margin	13.62%	5.71%	15.69%	9.50%	11.65%
Insurer-adjusted ROIC diagnostic	11.59%	5.65%	19.60%	9.38%	9.97%

Segment underwriting-gain margin	FY2023	FY2024	FY2025	Direction
Reinsurance Treaty	13.90%	10.66%	8.59%	Profitable but compressing
Global Wholesale & Specialty	6.70%	1.25%	1.20%	Near break-even after sharp compression
Legacy	-7.88%	-66.91%	-33.97%	Structurally loss-making runoff

These are not moat-like margins. The consolidated combined ratio crossed above 100% in FY2024, while underwriting gain moved from $1.219 billion in FY2023 to a $356 million loss in FY2024 and only $211 million of gain in FY2025. The main cause was Legacy reserve damage, but that distinction does not rescue shareholder economics: capital backs the legal entity, not only the favored segment. Treaty profitability is encouraging, yet three years of declining margin during a period that included favorable industry pricing is not proof of through-cycle pricing power. H1 2026 improved sharply, but one half-year cannot validate a 20-year advantage.

4. Pricing power, renewals, capacity, and distribution

Everest has **selection power**, not demonstrated absolute pricing power. It can reduce shares or exit programs that miss internal hurdles, and its relevance lets it retain attractive positions rather than accept every market price. That is a valuable form of cycle management. It is different from raising price while holding volume and customer behavior constant.

The current evidence challenges the stronger claim. In 2Q26, comparable treaty gross written premium declined across property catastrophe, property non-catastrophe, casualty proportional, and casualty excess-of-loss lines; treaty net premiums earned fell year over year in each recent quarter shown in the package. Management's decision to sacrifice volume may preserve returns, but falling volume while industry prices soften is not customer acceptance of an Everest-specific price increase. In GWS, growth in selected specialties offset retrenchment elsewhere, yet FY2025 margin remained 1.20%. The company does not disclose churn, retention, multi-year minimum commitments, or embedded contractual escalators in a way that verifies durable price realization.

Industry evidence reinforces the caution. Guy Carpenter reported abundant capacity and a 16% decline in its global property-catastrophe rate-on-line index at July 2026 renewals, while alternative capital and catastrophe bonds continued to expand ([July 2026 renewal hub](https://www.guycarp.com/insights/renewal-hub.html)). This is what a competitive capital market looks like: strong recent returns attract supply and transfer bargaining power to cedents. Everest may outperform the market through risk selection and relationships, but it cannot prevent the cycle.

Distribution is both an advantage and dependency. Major brokers provide broad access and reduce Everest's acquisition burden; direct relationships add valuable cedent context. The same brokers make prices and terms more transparent and can shift allocations. Ratings and capacity keep Everest on approved panels, while talent and claims service help win lead or preferred positions. None creates a captive channel. The renewal contract is effectively a recurring contest.

5. Claims inflation, reserves, retrocession, and investment float

Claims performance is the moat's truth serum. A carrier can report attractive pricing today and discover years later that social inflation, litigation, medical costs, wage inflation, or policy interpretation exceeded its assumptions. Everest's reserve experience is a major contrary datapoint: prior-year reserve development was approximately $1.5 billion unfavorable in

FY2024 and $657 million unfavorable in FY2025, before $33 million of favorable development in H1 2026. The 2025 adverse-development protection reduces part of the tail but excludes some exposures and adds counterparty and contract risk. Protection is risk transfer, not proof that original pricing was superior.

Retrocession and reinsurance access are genuine capabilities. Everest uses third-party reinsurance, catastrophe-bond structures, adverse-development protection, and the Annapurna sidecar to manage volatility and supplement capital. The 2Q26 [Form 10-Q](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000032/eg-20260630.htm) describes third-party-funded structures separated from the general account. These tools can improve capital efficiency and allow Everest to preserve client relationships while varying net retention. But competitors can access the same capital markets, and cover may become expensive or unavailable after industry losses. The fall in Everest's largest modeled net economic loss from 10.9% of equity at FY2025 to 8.1% at July 1, 2026 is positive risk management, not evidence of pricing control.

Investment float is an earnings engine, not a moat by itself. At 2Q26 Everest had $44.863 billion of investments and cash supporting $34.735 billion of gross loss and LAE reserves. TTM net investment income of $2.192 billion was more than four times TTM underwriting gain of $527 million. Scale, duration management, and an AA- average fixed-maturity credit profile strengthen resilience. Yet market yields are available to peers, float belongs economically to policyholders until claims are paid, and weak underwriting can destroy the benefit. A durable advantage requires low-cost or negative-cost float across cycles; Everest's recent reserve charges prevent that conclusion.

Talent is similarly necessary but portable. Senior underwriters, actuaries, claims professionals, and distribution leaders carry relationship and tacit knowledge. A collaborative global platform can make them more productive. Compensation competition and team moves mean the moat belongs partly to employees. The evidence does not show a repeatable institutional process strong enough to separate Everest's advantage from the current people occupying key desks.

6. AI disruption stress test

Reinsurance Treaty is the most protected segment. A foundation model can summarize submissions, compare wordings, interrogate exposure data, accelerate catastrophe scenarios, and surface claims anomalies. It cannot supply regulated risk capital, an A-rated promise to pay, a global license network, or trusted behavior after a catastrophe. Treaty is therefore chokepoint economics around capital and trust, supplemented by human judgment. AI nevertheless compresses the informational advantage because cedents, brokers, and smaller reinsurers gain better modeling and negotiation tools. Standardized catastrophe layers are especially vulnerable to more transparent, platform-mediated and ILS-funded pricing.

GWS is the most exposed segment. Parts of submission intake, appetite matching, policy wording comparison, pricing, claims triage, fraud detection, and broker service are workflows that AI can accelerate or replicate. AI does not eliminate specialty risk transfer, but it lowers operating barriers and strengthens technology-forward MGAs, brokers, and competitors. The moat must therefore live in exclusive distribution, superior niche loss data, licenses, capacity, and judgment. Everest has pieces of that bundle, but the segment's thin historical margin gives no evidence that the data advantage is proprietary or monetized.

Legacy is operationally exposed but economically not disintermediated. AI can reduce claim-handling cost, identify reserve anomalies, and improve document review. It cannot make contractual liabilities disappear. The risk is model error: automated claims or reserve tools can create correlated underestimation and regulatory scrutiny. NAIC states that regulators may require insurers to explain AI use in underwriting, pricing, marketing, and claims, and expects governance, validation, and third-party oversight ([NAIC AI topic](https://content.naic.org/insurance-topics/artificial-intelligence)). This favors carriers able to fund compliance, including Everest, but makes AI a regulated productivity tool rather than a unique moat.

Net effect: AI should improve expense efficiency and risk selection, but the gains are likely competed into price. It modestly reinforces scale and compliance barriers while weakening pure analytics differentiation. It does not change the moat verdict.

7. The 2046 test

Specific 2046 business description. On 2046-08-09, Everest plausibly remains a global, rated carrier selling treaty reinsurance, structured capital, and selected wholesale specialty insurance to cedents, corporations, MGAs, and public or private risk pools through major brokers and direct relationships. Reinsurance Treaty remains the core. GWS is narrower and concentrated in niches where underwriting judgment and claims expertise justify human accountability. Today's Legacy segment has largely withered, though latent claims may remain. Everest combines its balance sheet with third-party sidecars and capital-markets vehicles, while AI continuously prices exposures, reviews contracts, and monitors claims. Directionally, the through-cycle underwriting margin is likely stable to lower than today's strong Treaty result because models and capital

are more abundant, although individual hard markets still produce unusually high returns. The surviving moat is the conjunction of ratings, licenses, capital, claims credibility, cedent trust, and the institutional discipline to withdraw capacity when terms are poor.

That is a credible description of a continuing business. It is not a sufficiently credible description of persistent **excess returns**. Every element except accumulated relationship history can be matched by well-capitalized global peers; relationship value itself resets at renewals and when teams change. Market prices respond to capital supply, catastrophe losses, and claims inflation. The specific profit pool is underwriting judgment applied to complex risks, but Everest's recent reserve record and margin volatility do not prove that judgment stays superior for two decades.

2046 bear case. Everest becomes a competent price taker. Standardized catastrophe risk migrates further to ILS and broker-controlled platforms; AI commoditizes submission analysis and basic pricing; global peers and MGAs hire away niche talent; a rating downgrade reduces favored allocations; casualty inflation produces additional reserve charges; and Legacy consumes capital longer than expected. The company still writes business and earns investment income, but book-value returns converge toward the cost of equity, with episodic hard-market gains offset by reserve and catastrophe years. This bear case is materially plausible—high enough that the 20-year compounder bar is not met.

8. Competitive threat inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
Abundant traditional and alternative capital	ILS, sidecars, peers, and new capacity lower rates and broaden terms after profitable years	Treaty; GWS property	Multi-renewal rate decline, lower premium despite stable exposure, weaker margins	High and already visible
Casualty severity and reserve error	Social inflation, litigation, medical costs, and long reporting tails outrun pricing assumptions	Treaty casualty; GWS; Legacy	Repeated unfavorable prior-year development and rising actuarial ranges or paid-loss trends	High
Data, AI, distribution, and talent parity	Brokers and technology-forward rivals improve risk matching while mobile teams transfer tacit knowledge	Treaty; GWS	Loss of preferred shares, weaker new-business hit rate, rising expense ratio, talent departures	Medium-high

9. Verdict

Moat gate: FAIL. Everest owns a real Treaty franchise, but the economic advantage is best described as privileged access plus risk-selection capability, not durable pricing control. Consolidated margins and returns are volatile, Treaty margins compressed through the disclosed recast period, GWS has not earned attractive margins, and Legacy reserve outcomes damaged the group. A favorable or recovering underwriting period must not be mistaken for pricing power.

2046 test: FAIL. Everest is likely still useful and profitable in 2046, but the evidence does not support sustained excess returns through twenty years of capital inflows, AI-enabled model diffusion, catastrophe volatility, casualty inflation, talent mobility, and renewal-by-renewal competition. FAIL means the company is below the Gideon 20-year compounder bar, not that the franchise is weak or destined to disappear.

Evidence that could eventually change the gate would be: a full cycle of sub-100 combined ratios without material reserve strengthening; stable Treaty margins during a soft market; GWS underwriting margins that rise and remain durable without aggressive growth; and Legacy reserves declining without recurring charges. A rating downgrade, renewed material unfavorable development, or growth achieved by relaxing attachment points and terms would reinforce FAIL.

Source-control notes

Fresh W-stage archives are under `raw/20260808T163323Z/` and include FMP stable profile and 2Q26 transcript pulls, the FY2025 10-K, 2Q26 10-Q, June 2026 recast, 2Q26 Everest supplement, Guy Carpenter's 2026 renewal hub, and NAIC AI materials. New FMP datasets were copied to the investing data warehouse without overwrite. The Swiss Re page returned HTTP 403 on the required identical retry and was not used. Direct PowerShell retrieval of Everest's IR ratings page also returned HTTP 403 twice; the page was accessed live through web retrieval, while AM Best's live page supplied the current outlook. No cached warehouse evidence was used.

The completed Reinsurance Treaty, GWS, and Legacy appendices' competitive-dynamics and segment-moat sections were read after drafting and cross-checked against this conclusion. They reinforce the same distinction: Treaty is a real but cyclical franchise, GWS has a conditionally durable market but unproven superior economics, and Legacy has no positive compounder moat.

Appendix B1 — Reinsurance Treaty

Reinsurance Treaty - Segment Deep Dive

Company: Everest Group, Ltd. **Forecast anchor:** TTM ended 2026-06-30, comprising 3Q25, 4Q25, 1Q26, and 2Q26 **Horizon:** 2031-06-30, exactly 5.0 years **Currency:** USD; dollar figures are billions unless stated otherwise **Exact forecast profit basis:** issuer-disclosed **Underwriting gain (loss)**, with positive values representing profit

0. Segment boundary and taxonomy note

Everest changed its reportable structure on 2026-01-01 to Reinsurance Treaty, Global Wholesale & Specialty, and Legacy, and retrospectively recast only FY2023-FY2025. Therefore FY2023 is the hard current-taxonomy boundary. This appendix does not back-solve FY2021-FY2022 from the former Reinsurance/Insurance/Other structure and does not compare former-taxonomy dollars with the new segment. Reinsurance Treaty comprises worldwide property, casualty, and specialty treaty reinsurance placed through brokers or directly with cedents. Its exact profit metric is Underwriting gain (loss); corporate expenses, investment income, investment gains or losses, other income or expense, interest, and tax stay outside this segment model and are handled once in the consolidated synthesis [data_package §1, current-segment table row 1; §3a, forecast-driver ledger].

1. What this segment actually is

Reinsurance Treaty sells balance-sheet protection to insurance companies. A cedent writes policies for many underlying policyholders and transfers a contractually defined share or layer of that portfolio to Everest. In proportional, or pro-rata, treaties, Everest receives a stated share of the cedent's premium and pays the same share of covered losses, commonly with a ceding commission. In excess-of-loss, or XOL, treaties, Everest pays losses above the cedent's retention up to a limit and receives a negotiated premium that is not mechanically proportional to the cedent's original premium. The economic product is therefore contingent capital plus claims-paying certainty, not a conventional service subscription.

The disclosed treaty book has six lines. Property Pro Rata is the largest and gives Everest broad participation in cedents' property portfolios. Property Catastrophe XOL absorbs defined catastrophe layers and has the most acute event volatility. Property Non-Catastrophe XOL covers per-risk or other non-cat property layers. Casualty Pro Rata shares longer-tailed liability portfolios and embeds cedent underwriting, claims, and reserving behavior. Casualty XOL protects severity above retentions. Financial lines combines mortgage and other financial-line treaties. These product labels are useful but not perfectly homogeneous: property pro-rata can contain catastrophe exposure, while casualty and financial contracts can differ greatly in duration, attachment, exclusions, and claims reporting.

Everest's go-to-market is both brokered and direct. The company says its wider reinsurance franchise serves clients in more than 115 countries across six continents and offers treaty property, treaty casualty, structured, credit, accident-and-health, marine, and aviation solutions. Its UK operation says it participates in setting terms and conditions on well over half the business it writes, evidence that at least part of the franchise acts as a lead rather than pure follow capacity. Its continental European page says brokers are the main distribution channel but close cedent contact remains central. These claims support a broad relationship network, though they do not disclose retention rates, top-client concentration, or broker-level economics. See Everest's live [reinsurance overview](https://www.everestglobal.com/us-en/our-offer/products-and-services/reinsurance), [UK reinsurance description](https://www.everestglobal.com/gb-en/our-offer/products-and-services/reinsurance), and [treaty casualty offering](https://www.everestglobal.com/us-en/our-offer/products-and-services/reinsurance/products/treaty-casualty).

Pricing is annual or multi-year and portfolio-specific. Key economic terms include rate on line, attachment, limit, aggregate protection, occurrence definition, exclusions, reinstatement premium, ceding commission, profit commission, event caps, and collateral or security requirements. A reported premium decline can be good capital allocation if management refuses inadequate terms. Conversely, premium growth can destroy value when it reflects lower attachments, wider coverage, or underpriced casualty trend. This is why the model starts with net premiums earned but derives profit from loss and expense assumptions rather than applying a revenue multiple.

2. Current economics

TTM Reinsurance Treaty NPE is $10.105 billion, the sum of the four disclosed quarters. TTM Underwriting gain is $1.209 billion. The implied Underwriting gain margin is 11.96%, and the mathematically equivalent combined ratio is 88.04%, because `Underwriting gain = NPE x (1 - combined ratio)`. These are the controlling starting figures [Everest

2Q26 financial supplement p. 11, released 2026-07-29; sealed `official_ttm_normalization` schedule reproduced in data_package §3a].

FY2025 NPE was $10.496 billion, up 3.89%, while Underwriting gain declined to $0.902 billion from $1.077 billion in FY2024. Margin fell from 10.66% to 8.59%. The TTM improvement to 11.96% is economically encouraging, but it spans only four quarters and coexists with weakening premium momentum: quarterly NPE growth was negative in every TTM quarter and reached -9.80% in 2Q26 [Everest June 3, 2026 Form 8-K Exhibit 99.1; Everest 2Q26 financial supplement p. 11]. The model treats better near-term underwriting and softer forward pricing as simultaneous facts.

Capital intensity is high even though traditional capex is immaterial. At 2Q26 the segment carried $20.616 billion of gross loss and LAE reserves, 59.4% of Everest's group reserves and about 2.04 times TTM segment NPE. FY2025 treaty reserves of $20.053 billion sat inside a disclosed actuarial range of $18.825-$21.282 billion. The approximately $1.23 billion distance from the carried estimate to either boundary is roughly equal to one year of current TTM Underwriting gain. That is not a predicted deficiency, but it illustrates that small percentage errors in ultimate claims can overwhelm a year's underwriting profit [Everest June 3, 2026 Form 8-K Exhibit 99.1; Everest 2Q26 Form 10-Q filed 2026-08-03].

The segment's product mix is visible in GWP, not product NPE. H1 2026 Reinsurance Treaty GWP was $5.395 billion: Property Pro Rata 41.41%, Property Catastrophe XOL 19.93%, Property Non-Catastrophe XOL 4.28%, Casualty Pro Rata 20.20%, Casualty XOL 6.17%, and Financial lines 8.01% [Everest 2Q26 financial supplement p. 12]. In the forward model those shares allocate the sealed $10.105 billion TTM NPE starting point. That allocation is an analyst modeling proxy, not a claim that product-level NPE was disclosed.

3. Unit economics

The first underwriting dollar is earned premium, not written premium. GWP is booked when contracts are written; NPE emerges as coverage is provided and is net of ceded reinsurance. Mix shifts, renewals, reinstatement premiums, and retrocession can therefore make GWP and NPE growth diverge. The forecast uses product GWP only to establish relative mix, then projects NPE directly so that the revenue and profit basis remain consistent.

The loss ratio is the central variable. For property catastrophe XOL, profitability depends on modeled frequency and severity, attachment points, zonal accumulation, demand surge, inflation, secondary perils, and event definitions. A quiet year can create a very low combined ratio; a single peak event can consume several years of expected profit. Everest's group 1-in-100 net economic-loss estimate for Southeast U.S. wind was $1.249 billion at 2026-07-01, or 8.1% of group equity, down from $1.693 billion and 10.9% at FY2025. These are group metrics, not treaty allocations, and must not be read as a segment loss forecast [data_package §0a, peak catastrophe PML history].

For property pro-rata, Everest participates from the ground up and pays a ceding commission. It receives broader diversification but is exposed to attritional property claims, catastrophe frequency, primary pricing, cedent selection, and commission pressure. The ceding commission is a price: when capacity is abundant, cedents can demand more commission, reducing the reinsurer's margin even if nominal premium rises. Property non-cat XOL is more severity-sensitive and can suffer from inflation-driven claims exceeding cedent retentions more often than expected.

Casualty has a different clock. Claims can emerge over many years, and loss-cost inflation can exceed general inflation because of litigation financing, social inflation, medical costs, large jury awards, changing liability theories, and broader interpretations of policy wording. In proportional treaties Everest also inherits the cedent's underwriting and claims quality. A current accident-year loss pick can look stable while adverse development later reveals underpricing. The segment's large reserve base and the FY2025 actuarial range make reserve discipline as important as current renewal pricing.

Expenses split conceptually into commission and brokerage plus other underwriting expenses. The former responds to product mix and cedent bargaining power; the latter includes underwriting, actuarial, claims, modeling, technology, and support costs. Expense ratios can rise when NPE shrinks because the expertise and systems required to manage a global treaty portfolio are not fully variable. Scale therefore helps, but cutting underwriting or claims capability to defend a near-term expense ratio would weaken the long-term franchise.

Retrocession changes both volatility and economics. Everest can buy protection from other reinsurers or use third-party capital to reduce net exposure, but pays premium or cedes economics in exchange. The June 2026 Annapurna Re casualty sidecar, launched with Stone Point, segregates third-party-funded risk from Everest's general account and increased third-party cessions according to the 2Q26 filing summary [data_package §9, corporate-actions row dated 2026-06-17]. This can improve capital efficiency and expand client relevance, but it adds basis risk, counterparty/recoverable risk, renewal risk, and the possibility that attractive underwriting economics are shared with external capital. The model captures that

conservatively through slower net NPE than gross demand and does not credit a separate fee stream because none is disclosed in the sealed package.

4. Competitive dynamics and the pricing cycle

Everest competes with global multiline reinsurers including Munich Re, Swiss Re, Hannover Re, SCOR, Berkshire Hathaway, RenaissanceRe, and Lloyd's syndicates, as well as Bermuda specialists, regional reinsurers, catastrophe bonds, sidecars, and collateralized vehicles. Competition is not simply market share. Cedents diversify counterparty panels, value ratings and claims payment, and may award better access to reinsurers that provide meaningful capacity, analytics, cross-line support, and continuity after losses. Lead terms can matter more than marginal capacity, but abundant alternative capital lowers scarcity value in catastrophe layers.

The 2026 market is already softer than the 2023-2024 hard phase. Howden reported risk-adjusted 1 January 2026 reductions of 14.7% for global property catastrophe, 16.5% for property retrocession, 17.5% for direct and facultative, and 5%-10% for London casualty. It also said higher attachments and tighter terms still differentiated this cycle, an important reason not to equate rate decline mechanically with below-technical pricing. See Howden's [1.1.2026 renewal report](https://www.howdengroupholdings.com/news/howden-renewal-report-112026).

Aon's January 2026 market report estimated global reinsurer capital at a record $760 billion at 2025-09-30, third-party capital at $124 billion, catastrophe bonds outstanding at $59 billion, property-sidecar invested capital at $17.9 billion, and casualty-sidecar capital at $1.7 billion. It described fierce competition for U.S. property-catastrophe and double-digit discounts on preferred non-loss-affected accounts. Those numbers establish a supply-side reason for Everest's shrinking treaty premium even while insured values and risk demand grow. See Aon's [January 2026 Reinsurance Market Dynamics report](https://assets.aon.com/-/media/files/aon/reports/2026/rmd-jan-2026-report.pdf).

Peer profitability shows that excellent results are possible when catastrophe experience is benign and pricing remains adequate, but cross-company accounting differs. Swiss Re reported a 79.4% 2025 P&C Re combined ratio and said its January 2026 renewals produced a 4.3% net price decrease after loss assumptions rose 4.6%. Hannover Re reported an 84.0% 2025 property-casualty combined ratio. Munich Re reported a roughly 74% 2025 P&C reinsurance combined ratio. These are not apples-to-apples with Everest's U.S. GAAP treaty segment, but they make a low-80s bull case plausible without making it normal. See the [Swiss Re 2025 annual report](https://www.swissre.com/dam/jcr%3Aa7e9dca5-1911-404d-bc9d-a8875ca7cab9/2025-annual-report.pdf), [Hannover Re 2025 results](https://www.hannover-re.com/en/news/2026/hannover-re-increases-earnings-and-dividend-reinforces-sustained-profitability-significantly/), and [Munich Re 2025 annual-report letter](https://www.munichre.com/en/company/investors/reports-and-presentations/annual-report/letter-to-shareholders.html).

Pricing power is therefore conditional. Everest can walk away, change attachments, reduce limits, and redirect capacity across lines. It cannot force the market price when capital is abundant. The moat is strongest where Everest leads, supplies substantial rated capacity, understands a cedent over many cycles, or combines product expertise across jurisdictions. It is weakest in standardized remote layers where catastrophe models, collateral, and broker auction processes make capital fungible.

Substitution risk comes from retained earnings at cedents, alternative capital, public pools, catastrophe bonds, captives, parametric covers, and structured transactions. These do not eliminate traditional reinsurance; they change where it sits in the tower. In the base case, cedents buy more aggregate limit over time but pay less per unit of property-cat risk in the near term. In the bear case, abundant capital moves down the tower, broadens terms, and compresses commissions before losses reprice the market.

5. Segment moat and 2046 durability

The segment has a real but cyclical moat. Financial strength, a large balance sheet, global licenses, actuarial data, catastrophe modeling, claims infrastructure, and the ability to commit meaningful capacity are costly to reproduce. The relationship network matters because cedents disclose portfolio information and prefer counterparties that will remain after a loss. Everest's breadth across property, casualty, and specialty permits portfolio steering. Its public UK description that it helps set terms on more than half of its book suggests meaningful lead capability, while the global footprint supports local execution.

However, the moat does not guarantee persistent excess margins. A-rated capital can be replicated by well-funded incumbents and increasingly by collateralized structures. Brokers can compare competing quotes. Modeling vendors diffuse catastrophe analytics, and a quiet-loss period attracts fresh capacity. Underwriting talent is mobile. Everest's product

reputation and client history may improve selection, but the financial evidence still shows substantial annual margin movement: 13.90% in FY2023, 10.66% in FY2024, 8.59% in FY2025, and 11.96% TTM [data_package §3 and §3a]. A claim of stable software-like economics would be false.

Durability to 2046 is stronger for demand than for margins. Swiss Re Institute reports that more than 40% of global natural-catastrophe losses were insured in 2025 versus 23% three decades earlier, yet protection gaps remain large. Munich Re reports insured natural-catastrophe losses above $100 billion in 2025 and highlights severe convective storms, wildfire, flooding, and climate-influenced extremes. Growing insured values, urban concentration, climate volatility, cyber accumulation, liability complexity, and regulatory capital needs should sustain reinsurance demand for decades. See Swiss Re Institute's [sigma 1/2026 report](https://www.swissre.com/dam/jcr%3A4b5669a3-b7e2-4682-bf96-a597085958a6/sigma-1-2026-natural-catastrophes-report.pdf) and Munich Re's [2025 natural-disaster review](https://www.munichre.com/en/company/media-relations/media-information-and-corporate-news/media-information/2026/natural-disaster-figures-2025.html).

The 2046 test is therefore: will Everest still be a relevant rated risk-transfer partner, and will it price changing hazards faster than competitors and claims inflation? Relevance is likely. Sustained superior profitability is not assured. Evidence that would strengthen the case includes stable client retention through a soft market, continued lead positions, reserve development consistent with booked assumptions, and cycle-adjusted combined ratios below 90%. Evidence that would break it includes repeated casualty reserve charges, growth below technical price, dependence on retrocession that disappears after a loss, ratings pressure, or loss of key underwriting teams.

6. Historical growth rates

The segment history below is reproduced from the sealed data package. Segment revenue is NPE. Product figures are GWP because Everest does not disclose product NPE. FY2023-FY2024 product dollars under the current taxonomy are a true non-disclosure; no values are back-solved.

Product / sub-segment	FY2023 revenue or premium	FY2024 revenue or premium	FY2025 revenue or premium	FY2023-FY2025 CAGR	Most recent YoY	Data package cite
Reinsurance Treaty total NPE	$8.663B [§3 row 170]	$10.103B [§3 row 170]	$10.496B [§3 row 170]	10.1% [§3 rows 170-171; calculated over two intervals]	-9.80% in 2Q26 [§5 row 313]	June 3, 2026 Form 8-K Exhibit 99.1; 2Q26 supplement p. 11
Property Pro Rata GWP	Not disclosed [§10 current-taxonomy product-dollar gap]	Not disclosed [§10 current-taxonomy product-dollar gap]	$4.295B [§4 row 265]	Not calculable [§10 gap]	3.4% [§4 row 289]	2Q26 supplement p. 12; 2Q26 SEC earnings release dated 2026-07-29
Property Catastrophe XOL GWP	Not disclosed [§10 current-taxonomy product-dollar gap]	Not disclosed [§10 current-taxonomy product-dollar gap]	$2.347B [§4 row 266]	Not calculable [§10 gap]	-6.8% [§4 row 290]	2Q26 supplement p. 12; 2Q26 SEC earnings release dated 2026-07-29
Property Non-Catastrophe XOL GWP	Not disclosed [§10 current-taxonomy product-dollar gap]	Not disclosed [§10 current-taxonomy product-dollar gap]	$0.587B [§4 row 267]	Not calculable [§10 gap]	-9.2% [§4 row 291]	2Q26 supplement p. 12; 2Q26 SEC earnings release dated 2026-07-29
Casualty Pro Rata GWP	Not disclosed [§10 current-taxonomy product-dollar gap]	Not disclosed [§10 current-taxonomy product-dollar gap]	$2.717B [§4 row 268]	Not calculable [§10 gap]	-22.8% [§4 row 292]	2Q26 supplement p. 12; 2Q26 SEC earnings release dated 2026-07-29
Casualty XOL GWP	Not disclosed [§10 current-taxonomy product-dollar gap]	Not disclosed [§10 current-taxonomy product-dollar gap]	$0.829B [§4 row 269]	Not calculable [§10 gap]	-25.0% [§4 row 293]	2Q26 supplement p. 12; 2Q26 SEC earnings release dated 2026-07-29
Financial lines GWP	Not disclosed [§10 current-taxonomy product-dollar gap]	Not disclosed [§10 current-taxonomy product-dollar gap]	$0.881B [§4 row 270]	Not calculable [§10 gap]	Not separately disclosed [§4 comparable-growth table]	2Q26 supplement p. 12

Segment arithmetic tie-outs: `$8.663B x 1.1662 = $10.103B` and `$10.103B x 1.0389 = $10.496B`, both within rounding. The reported 10.1% FY2023-FY2025 CAGR is `(10.496 / 8.663)^(1/2) - 1`; it is a two-interval CAGR across three fiscal-year observations, not three full years of compounding. No product back-solving is performed, so no product row tie-out is possible.

The recent quarterly revenue and profit record is:

Quarter	NPE	YoY	Underwriting gain (loss) margin	Implied combined ratio	Data package cite
3Q25	$2.579B	-1.49%	12.99%	87.01%	Everest 2Q26 financial supplement p. 11, released 2026-07-29

Quarter	NPE	YoY	Underwriting gain (loss) margin	Implied combined ratio	Data package cite
4Q25	$2.611B	-0.91%	10.53%	89.47%	Everest 2Q26 financial supplement p. 11, released 2026-07-29
1Q26	$2.456B	-4.77%	12.83%	87.17%	Everest 2Q26 financial supplement p. 11, released 2026-07-29
2Q26	$2.459B	-9.80%	11.51%	88.49%	Everest 2Q26 financial supplement p. 11, released 2026-07-29

The TTM arithmetic is `$2.579B + $2.611B + $2.456B + $2.459B = $10.105B`. Dividing the sealed $1.209 billion Underwriting gain by TTM NPE gives 11.96%; `100% - 11.96% = 88.04%` combined ratio. The difference between that weighted ratio and a simple average of quarterly margins is rounding and weighting, not an unexplained bridge.

7. Management guidance

All management excerpts are reproduced from data_package §6 and are not re-fetched from transcripts.

Data package row	Speaker and date	Verbatim excerpt	Modeling interpretation
§6 Reinsurance Treaty row Q3 FY2025	James Williamson, 2025-10-28	“Everest is a preferred partner”	Relationship quality supports access and selectivity, but is not a numerical growth guide.
§6 Reinsurance Treaty row Q4 FY2025	James Williamson, 2026-02-05	“above our required technical price”	January renewals still met internal return hurdles even as pricing softened.
§6 Reinsurance Treaty row Q1 FY2026	James Williamson, 2026-04-30	“expected returns ... remain above our thresholds”	Management is willing to accept premium contraction to protect expected returns.
§6 Reinsurance Treaty row Q2 FY2026	Elias Habayeb, 2026-07-30	“attritional loss ratio ... in the mid-50s”	This is the near-term anchor for underlying losses; catastrophe and reserve development remain additional.

There is no numerical FY+1 NPE or GWP guide for the segment or any product in the sealed package. The product tables therefore label management guidance as qualitative selectivity, not as a fabricated percentage. [DATA GAP: No current product-level NPE, product-level Underwriting gain, product-level combined ratio, or numerical FY+1 premium guide is disclosed in the reviewed data package.]

8. Forward growth assumptions

8.1 Modeled TTM product NPE starting point

The model uses H1 2026 GWP mix to allocate the sealed segment TTM NPE. This is the narrowest reproducible bridge available; it does not convert FY2025 GWP into revenue or assert that earned and written mix are identical.

Product	H1 2026 GWP	Share of disclosed treaty H1 GWP	Allocated TTM NPE	Allocation basis
Property Pro Rata	$2.234B	41.41%	$4.184B	$10.105B x H1 GWP share
Property Catastrophe XOL	$1.075B	19.93%	$2.014B	$10.105B x H1 GWP share
Property Non-Catastrophe XOL	$0.231B	4.28%	$0.433B	$10.105B x H1 GWP share
Casualty Pro Rata	$1.090B	20.20%	$2.042B	$10.105B x H1 GWP share
Casualty XOL	$0.333B	6.17%	$0.624B	$10.105B x H1 GWP share
Financial lines	$0.432B	8.01%	$0.809B	$10.105B x H1 GWP share
Total	$5.395B	100.00%	$10.105B	Ties to sealed TTM NPE

The six displayed product allocations independently round to $10.106 billion; the model uses the unrounded H1 GWP shares, which sum exactly to the sealed $10.105 billion segment NPE.

8.2 Base case product growth

Product	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM-to-2031	Annual growth sequence Y1/Y2/Y3/Y4/Y5	2031 NPE	Justification
Property Pro Rata	Not disclosed	3.4% GWP	Selective; returns above threshold	1.4%	0% / 1% / 2% / 2% / 2%	$4.485B	Exposure growth offsets some softer pricing, but the segment's 9.1% comparable 2Q26 GWP decline argues against immediate net growth.
Property Catastrophe XOL	Not disclosed	-6.8% GWP	Selective; above technical price	-1.8%	-6% / -3% / -1% / 0% / 1%	$1.836B	Double-digit January rate reductions and abundant alternative capital extend the contraction before demand growth stabilizes volume.
Property Non-Catastrophe XOL	Not disclosed	-9.2% GWP	No numeric guide	-2.9%	-9% / -4% / -2% / 0% / 1%	$0.374B	Capacity remains abundant; the latest decline carries into earned premium before a measured recovery.
Casualty Pro Rata	Not disclosed	-22.8% GWP	Selective; returns above threshold	-5.2%	-15% / -8% / -4% / 0% / 2%	$1.563B	Reserve uncertainty and social inflation keep Everest defensive for longer before stabilization.
Casualty XOL	Not disclosed	-25.0% GWP	Selective; returns above threshold	-6.3%	-17% / -10% / -5% / 0% / 2%	$0.451B	Severity, attachment risk, and the latest 25.0% GWP decline justify a deeper multi-year portfolio cut.
Financial lines	Not disclosed	Not disclosed	No product guide	1.2%	0% / 1% / 1% / 2% / 2%	$0.859B	Mortgage and financial demand grow slowly; no unsupported step-up is assumed.

The base case deliberately models a U-shaped revenue path rather than applying the segment's 10.1% FY2023-FY2025 CAGR. The hard-market growth phase has ended, 2Q26 segment NPE fell 9.80%, comparable segment GWP fell 9.1%, current disclosed product growth ranges from +3.4% to -25.0%, and management emphasizes technical returns. Those observations do not support a near-flat five-year book without a deeper earning-lag reset. Segment NPE therefore declines from $10.105 billion to $9.533 billion in year one, bottoms at $9.299 billion in year three, and recovers to $9.568 billion by 2031. The five-year segment CAGR is -1.1%.

8.3 Bull case product growth

Product	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM-to-2031	Annual growth sequence Y1/Y2/Y3/Y4/Y5	2031 NPE	Justification
Property Pro Rata	Not disclosed	3.4% GWP	Selective; returns above threshold	4.4%	3% / 4% / 5% / 5% / 5%	$5.189B	Exposure and cedent demand compound while Everest retains lead access.
Property Catastrophe XOL	Not disclosed	-6.8% GWP	Selective; above technical price	3.2%	0% / 2% / 4% / 5% / 5%	$2.355B	A loss event or demand expansion arrests softening without destroying terms.
Property Non-Catastrophe XOL	Not disclosed	-9.2% GWP	No numeric guide	1.8%	-2% / 0% / 3% / 4% / 4%	$0.472B	Better attachment and exposure growth restore modest expansion.
Casualty Pro Rata	Not disclosed	-22.8% GWP	Selective; returns above threshold	1.3%	-5% / -1% / 3% / 5% / 5%	$2.180B	Portfolio remediation works and cedent rate adequacy improves.
Casualty XOL	Not disclosed	-25.0% GWP	Selective; returns above threshold	0.7%	-7% / -2% / 3% / 5% / 5%	$0.646B	A smaller clean book returns to growth after sharper early pruning.

Product	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM-to-2031	Annual growth sequence Y1/Y2/Y3/Y4/Y5	2031 NPE	Justification
Financial lines	Not disclosed	Not disclosed	No product guide	3.8%	2% / 3% / 4% / 5% / 5%	$0.975B	Mortgage and structured demand expands with controlled loss performance.

The bull case is not immediate reacceleration. Current casualty declines require two years of remediation before positive growth. Property catastrophe first stabilizes, then benefits from demand for higher limits and climate protection. Total NPE is $10.092 billion in year one, then rises to $11.817 billion in 2031, a 3.2% five-year CAGR.

8.4 Bear case product growth

Product	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM-to-2031	Annual growth sequence Y1/Y2/Y3/Y4/Y5	2031 NPE	Justification
Property Pro Rata	Not disclosed	3.4% GWP	Selective; returns above threshold	-3.0%	-2% / -4% / -4% / -3% / -2%	$3.592B	Higher ceding commissions and broad coverage make marginal treaties uneconomic.
Property Catastrophe XOL	Not disclosed	-6.8% GWP	Selective; above technical price	-5.8%	-8% / -8% / -6% / -4% / -3%	$1.492B	Alternative capital forces rate and terms below Everest's hurdle.
Property Non-Catastrophe XOL	Not disclosed	-9.2% GWP	No numeric guide	-6.2%	-10% / -8% / -6% / -4% / -3%	$0.314B	Per-risk competition and loss-cost uncertainty reduce deployment.
Casualty Pro Rata	Not disclosed	-22.8% GWP	Selective; returns above threshold	-8.9%	-15% / -10% / -8% / -6% / -5%	$1.283B	Reserve deterioration and inadequate cedent pricing force prolonged cuts.
Casualty XOL	Not disclosed	-25.0% GWP	Selective; returns above threshold	-9.7%	-17% / -12% / -8% / -6% / -5%	$0.374B	Severity trend and attachment erosion make capacity unattractive.
Financial lines	Not disclosed	Not disclosed	No product guide	-3.6%	-4% / -5% / -4% / -3% / -2%	$0.673B	Credit stress and mortgage uncertainty overwhelm new-business demand.

The bear case assumes management preserves capital rather than chases gross volume. Total NPE falls to $9.372 billion in year one and $7.729 billion by 2031, a -5.2% CAGR. This is consistent with the existing 2Q26 product declines and requires no implausibly instantaneous collapse.

9. Forward Underwriting gain (loss) margin assumptions

The exact metric is **Underwriting gain (loss)**. Combined ratio is the additive control: total loss ratio plus commission/brokerage ratio plus other underwriting expense ratio. Underwriting gain margin is `100% - combined ratio`. The sealed package does not publish the treaty segment's TTM component ratios, so the TTM split below is an explicit analyst diagnostic anchored to the disclosed mid-50s attritional-loss commentary and forced to tie to the sealed 88.04% combined ratio. Forecast component rows are assumptions, not issuer guidance.

Base ratio path

Ratio component	TTM anchor	Y1	Y2	Y3	Y4	2031
Attritional loss ratio	55.0% proxy	55.8%	56.4%	56.4%	56.3%	56.1%
Catastrophe loss ratio	4.0% proxy	4.5%	4.8%	4.6%	4.3%	4.2%
Prior-year development ratio	1.0% proxy	0.8%	0.7%	0.6%	0.5%	0.5%
Total loss ratio	60.0% proxy	61.1%	61.9%	61.6%	61.1%	60.8%
Commission and brokerage ratio	22.0% proxy	22.2%	22.3%	22.5%	22.6%	22.6%
Other underwriting expense ratio	6.04% proxy	6.1%	6.2%	6.1%	6.4%	6.5%

Ratio component	TTM anchor	Y1	Y2	Y3	Y4	2031
Total expense ratio	28.04% proxy	28.3%	28.5%	28.6%	29.0%	29.1%
Combined ratio	88.04%	89.4%	90.4%	90.2%	90.1%	89.9%
Underwriting gain (loss) margin	11.96%	10.6%	9.6%	9.8%	9.9%	10.1%

The base case gives back 187 basis points of margin on the exact product-weighted terminal calculation. Softer rates raise the attritional pick and ceding commissions; catastrophe load stays above the TTM proxy; and prior-year development declines only to 0.5% rather than nearly disappearing despite the $20.053 billion FY2025 treaty reserve base and its $18.825-$21.282 billion actuarial range. Other underwriting expense rises to 6.5% because NPE remains below the TTM starting point, so fixed underwriting, actuarial, claims, and systems costs do not earn full scale leverage. Annapurna Re and other retrocession are not credited with a separate fee, capital-release, or margin uplift: their net effect must already appear in NPE and the combined-ratio components, avoiding double counting.

Bull ratio path

Ratio component	TTM anchor	Y1	Y2	Y3	Y4	2031
Attritional loss ratio	55.0% proxy	54.5%	54.0%	53.5%	53.0%	52.5%
Catastrophe loss ratio	4.0% proxy	3.5%	3.0%	3.0%	3.0%	3.0%
Prior-year development ratio	1.0% proxy	0.0%	-0.5%	-0.5%	-0.5%	-0.5%
Total loss ratio	60.0% proxy	58.0%	56.5%	56.0%	55.5%	55.0%
Commission and brokerage ratio	22.0% proxy	21.9%	21.7%	21.5%	21.3%	21.1%
Other underwriting expense ratio	6.04% proxy	5.9%	5.8%	5.7%	5.7%	5.6%
Total expense ratio	28.04% proxy	27.8%	27.5%	27.2%	27.0%	26.7%
Combined ratio	88.04%	85.8%	84.0%	83.2%	82.5%	81.7%
Underwriting gain (loss) margin	11.96%	14.2%	16.0%	16.8%	17.5%	18.3%

The bull margin expands by about 637 basis points. Its mechanisms are strong but observable: a cleaner casualty book lowers attritional losses, reserve releases contribute only 50 basis points, catastrophe experience is favorable but not zero, and NPE growth creates expense leverage. The 81.7% terminal combined ratio is demanding but directionally consistent with the 2025 low-80s results reported by major peers. It should not be mistaken for a through-cycle guarantee.

Bear ratio path

Ratio component	TTM anchor	Y1	Y2	Y3	Y4	2031
Attritional loss ratio	55.0% proxy	58.0%	59.0%	60.0%	61.0%	61.0%
Catastrophe loss ratio	4.0% proxy	8.0%	9.0%	10.0%	10.0%	8.5%
Prior-year development ratio	1.0% proxy	3.0%	4.0%	5.0%	5.0%	4.0%
Total loss ratio	60.0% proxy	69.0%	72.0%	75.0%	76.0%	73.5%
Commission and brokerage ratio	22.0% proxy	22.8%	23.2%	23.6%	24.0%	24.2%
Other underwriting expense ratio	6.04% proxy	6.5%	6.5%	6.5%	6.6%	6.8%
Total expense ratio	28.04% proxy	29.3%	29.7%	30.1%	30.6%	31.0%
Combined ratio	88.04%	98.3%	101.7%	105.1%	106.6%	104.5%
Underwriting gain (loss) margin	11.96%	1.7%	-1.7%	-5.1%	-6.6%	-4.5%

The bear case combines three adverse mechanisms rather than hiding the loss in a single plug. Social inflation and weak cedent terms raise attritional losses; elevated catastrophe activity raises event losses; and casualty reserves develop adversely. At the same time, shrinking NPE and cedent bargaining power increase the expense ratio. Terminal deterioration is 647 basis points from the TTM combined ratio, and the segment remains loss-making even after catastrophe and development moderate from their year-four peak.

Terminal product margin assumptions

Case	Product	2031 NPE	2031 combined ratio	Underwriting gain (loss) margin	2031 Underwriting gain (loss)
Bear	Property Pro Rata	$3.592B	105.0%	-5.0%	-$0.180B
Bear	Property Catastrophe XOL	$1.492B	95.0%	5.0%	$0.075B
Bear	Property Non-Catastrophe XOL	$0.314B	102.0%	-2.0%	-$0.006B
Bear	Casualty Pro Rata	$1.283B	115.0%	-15.0%	-$0.192B
Bear	Casualty XOL	$0.374B	112.0%	-12.0%	-$0.045B
Bear	Financial lines	$0.673B	100.0%	0.0%	$0.000B
Base	Property Pro Rata	$4.485B	91.0%	9.0%	$0.404B
Base	Property Catastrophe XOL	$1.836B	82.0%	18.0%	$0.330B
Base	Property Non-Catastrophe XOL	$0.374B	90.0%	10.0%	$0.037B
Base	Casualty Pro Rata	$1.563B	97.0%	3.0%	$0.047B
Base	Casualty XOL	$0.451B	96.0%	4.0%	$0.018B
Base	Financial lines	$0.859B	85.0%	15.0%	$0.129B
Bull	Property Pro Rata	$5.189B	84.0%	16.0%	$0.830B
Bull	Property Catastrophe XOL	$2.355B	70.0%	30.0%	$0.707B
Bull	Property Non-Catastrophe XOL	$0.472B	82.0%	18.0%	$0.085B
Bull	Casualty Pro Rata	$2.180B	89.0%	11.0%	$0.240B
Bull	Casualty XOL	$0.646B	86.0%	14.0%	$0.090B
Bull	Financial lines	$0.975B	78.0%	22.0%	$0.214B

Property Catastrophe XOL has the widest margin range because event experience and cycle pricing dominate. Casualty receives the harshest bear ratios because reserve development is both long-tailed and correlated with social inflation. Financial lines earns a better base margin for diversification and mortgage economics but is not treated as riskless: the bear case takes it to breakeven.

10. Segment rollup and reconciliation

10.1 Five-year scenario paths

Case	Metric	TTM	Y1	Y2	Y3	Y4	2031
Bear	NPE	$10.105B	$9.372B	$8.754B	$8.282B	$7.959B	$7.729B
Bear	Combined ratio	88.04%	98.3%	101.7%	105.1%	106.6%	104.5%
Bear	Underwriting gain (loss)	$1.209B	$0.159B	-$0.149B	-$0.422B	-$0.525B	-$0.349B
Base	NPE	$10.105B	$9.533B	$9.320B	$9.299B	$9.402B	$9.568B
Base	Combined ratio	88.04%	89.4%	90.4%	90.2%	90.1%	89.9%
Base	Underwriting gain (loss)	$1.209B	$1.010B	$0.895B	$0.911B	$0.931B	$0.965B
Bull	NPE	$10.105B	$10.092B	$10.299B	$10.726B	$11.258B	$11.817B
Bull	Combined ratio	88.04%	85.8%	84.0%	83.2%	82.5%	81.7%
Bull	Underwriting gain (loss)	$1.209B	$1.433B	$1.648B	$1.802B	$1.970B	$2.166B

Every profit cell is `NPE x (1 - combined ratio)`. For example, base 2031 uses the product rollup: `$9.568B x (1 - 89.91%) = $0.965B`. Displayed ratio and dollar rounding can create differences of less than $0.003 billion; the product calculation controls.

10.2 Terminal product-to-segment tie-out

Case	Sum of product NPE	Sum of product Underwriting gain (loss)	Revenue-weighted gain margin	Revenue-weighted combined ratio	Difference from segment total
Bear	$7.729B	-$0.349B	-4.51%	104.51%	0.00%

Case	Sum of product NPE	Sum of product Underwriting gain (loss)	Revenue-weighted gain margin	Revenue-weighted combined ratio	Difference from segment total
Base	$9.568B	$0.965B	10.09%	89.91%	0.00%
Bull	$11.817B	$2.166B	18.33%	81.67%	0.00%

10.3 Probability weighting

The scenario weights are 30% bear, 50% base, and 20% bull. They sum to 100%. The distribution is deliberately left-skewed because reserve errors and catastrophes can create large downside even when the median underwriting year is profitable.

Probability-weighted terminal metric	Calculation	Result
NPE	30% x $7.729B + 50% x $9.568B + 20% x $11.817B	$9.466B
Underwriting gain (loss)	30% x -$0.349B + 50% x $0.965B + 20% x $2.166B	$0.811B
Underwriting gain (loss) margin	$0.811B / $9.466B	8.57%
Combined ratio	100% - 8.57%	91.43%

The probability-weighted row is an expectation across scenarios, not a fourth operating case. It indicates lower NPE and profit than the base case because the bear loss is economically asymmetric.

11. Key risks and wildcards

Property-cat pricing and capital supply - bear/base. January 2026 renewal evidence shows large rate reductions and record capital. If alternative capital continues moving into remote and then lower layers, Everest must choose between lower volume and lower margins. The base case assumes discipline wins at the cost of near-term NPE; the bear case assumes both volume and terms deteriorate.

Peak and secondary perils - bear/bull. A benign five-year period can deliver bull-like catastrophe ratios, while hurricane, earthquake, wildfire, flood, and severe convective storm accumulation can create losses beyond model expectations. Climate change and exposure growth make stationarity assumptions fragile. The group PML is informative but does not capture every peril, correlation, or model error.

Casualty and specialty reserve risk - bear. Casualty claims settle slowly and can reprice long after premium is earned. The $20.053 billion FY2025 treaty reserve sits in an actuarial range whose roughly $1.23 billion half-width is larger than FY2025 segment Underwriting gain and about equal to TTM profit. The bear case therefore carries adverse development through every forward year rather than treating reserve risk as a one-off footnote.

Retrocession and sidecar execution - all cases. Annapurna Re can provide casualty capacity and capital relief, but gross-to-net economics may weaken if third-party investors demand higher returns. Recoverables introduce counterparty and timing risk. A sidecar that is abundant during benign years but unavailable after losses can make capital planning procyclical. The bull case assumes stable access; base assumes it helps capital but caps net premium growth; bear assumes expensive or reduced protection.

Broker and client relationships - base/bull. Lead positions, global service, claims payment, and stable capacity can protect access. Yet brokers also aggregate purchasing power and facilitate price comparison. [DATA GAP: The reviewed package does not disclose treaty client retention, cedent concentration, top-broker share, renewal hit rate, or the percentage of current Reinsurance Treaty premium on lead terms.]

Rating and capital pressure - bear. Reinsurance customers buy a promise that may be called years later. Ratings, liquidity, and regulatory capital influence panel access and line size. Everest had $15.430 billion of group equity, $44.863 billion of investments and cash, and 14.3% debt to total capital at 2Q26 [data_package §8]. Those figures support capacity, but a sequence of catastrophe and reserve losses could constrain deployment precisely when pricing improves.

Expense diseconomy - bear. Underwriters, actuaries, claims teams, systems, and licenses cannot shrink at the same rate as NPE. A disciplined revenue contraction can still erode profit through a higher expense ratio. The bear case raises total expense ratio from a 28.04% TTM proxy to 31.0%.

Financial-line correlation - bear. Mortgage, credit, and structured exposures may diversify weather losses but correlate with housing, credit, and financial stress. The bear case takes Financial lines to a 100% combined ratio rather than assuming permanent diversification benefit.

Model and data limitations - all cases. Product NPE and product combined ratios are not disclosed. Allocating TTM NPE using H1 GWP mix can misstate earning lags and retrocession by line. The model is transparent and fully tied, but transparency does not remove this estimation error. The key monitoring upgrade is a future supplement disclosing product-level earned premium, loss ratios, or net retention.

12. Source-control and monitoring checklist

Quantitative Everest history comes only from the sealed data_package.md and statutory_bridge.json. External live sources inform competitive conditions and durability, not Everest historical dollars. New primary or industry-source pulls were archived under `raw/20260808T163323Z` with the `b_rt_` prefix, including Everest product pages, Aon's January 2026 report, Howden's renewal report, Swiss Re's 2025 annual report and sigma report, Hannover Re 2025 results, and Munich Re's 2025 catastrophe review. Direct HTML archival of the Swiss Re press page, Swiss Re protection-gap page, and Everest ratings page was blocked by Cloudflare after one identical retry; the Swiss Re claims used here are instead supported by the successfully archived annual-report and sigma PDFs. [DATA GAP: Everest's live ratings page was readable through web retrieval, but its raw HTML could not be archived after the required identical retry, so no rating value is used as a quantitative forecast input.]

The most useful quarterly monitors are: Reinsurance Treaty NPE growth; line-level comparable GWP growth; attritional loss ratio relative to management's mid-50s anchor; catastrophe and prior-year-development ratios; commission and other expense ratios; net versus gross premium divergence; retrocession recoverables and sidecar cessions; treaty gross reserves versus the actuarial range; group net PML as a percentage of equity; and evidence that management remains above technical thresholds rather than defending volume.

Segment summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	$7.729B NPE	Underwriting gain (loss)	-4.51%	-$0.349B	30%
Base	$9.568B NPE	Underwriting gain (loss)	10.09%	$0.965B	50%
Bull	$11.817B NPE	Underwriting gain (loss)	18.33%	$2.166B	20%

The base case is not a growth thesis. It is a discipline thesis: Everest accepts near-term contraction, retains enough client and broker relevance to stabilize the book, and ends with a roughly 90% combined ratio rather than extrapolating the unusually favorable TTM result. The 2046 demand pool is durable, but the probability-weighted 91.43% terminal combined ratio and explicit loss-making bear case recognize that underwriting advantage must be re-earned every renewal and validated only after claims mature.

Appendix B2 — Global Wholesale & Specialty

Global Wholesale & Specialty — Segment Deep Dive

Prepared 2026-08-09. Fiscal year-end: December 31. Latest completed quarter: 2Q26 ended 2026-06-30. TTM: 3Q25 + 4Q25 + 1Q26 + 2Q26, ending 2026-06-30. Forecast horizon: 2031-06-30, exactly 5.0 calendar years. Reporting currency is USD; dollar values are USD billions unless stated otherwise.

Historical quantitative source control: Everest Group's reviewed `data_package.md`, SHA-256 `122c6691e723614c937c683beaaa4958ccf986ac35510c4e0070f5cc03eb7109`, is the sole quantitative historical source. The sealed statutory bridge, SHA-256 `307ca56bdbe5ea78ae0617e3547a5d6b4a29b88ac2155f9e0a16b7352320f883`, fixes the exact profit basis as issuer-disclosed **Underwriting gain (loss)**, with positive values representing profit. The bridge contains no corporate or unallocated item inside this segment. Investment income, investment gains or losses, corporate expense, other income or expense, interest and tax remain outside this appendix and are modeled once in synthesis.

0. Segment boundary and taxonomy note

Everest changed its reportable structure on 2026-01-01, replacing Reinsurance, Insurance and Other with Reinsurance Treaty, Global Wholesale & Specialty, and Legacy. The company retrospectively recast FY2023-FY2025, but it did not recast FY2021-FY2022. Therefore, this appendix uses only FY2023-FY2025 recast annual history and the TTM ending 2026-06-30; it does not back-solve or allocate the old Insurance segment into the new structure. The boundary is especially important because the sale of selected Commercial Retail renewal rights moved the run-off economics of that business into Legacy while the retained wholesale and specialty franchise became GWS. Old retail premiums, in-force policies, claims and reserves do not become go-forward GWS merely because they once sat in the old Insurance segment.

The economic distinction is sharper than the legal transition. The transaction sold renewal rights, not the historical loss portfolio. Everest's current official materials describe GWS as a core business, while Legacy contains the commercial retail business that is earning down. The [2Q26 earnings release](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000029/everest2q26earningsrelease.htm) says Legacy premium is being generated for a finite period on Everest paper and that its earned premium is diminishing. The [renewal-rights announcement](https://www.sec.gov/Archives/edgar/data/1095073/000109507325000082/exhibit991.htm) separately identifies the continuing wholesale and specialty platform as a strategic focus. Thus, the GWS forecast below represents the retained production franchise. Historical policy and reserve obligations remain where Everest reports them: GWS retained reserves stay with GWS, while the sold retail book's run-off belongs in Legacy. This prevents an apparent volume decline caused by the retail exit from being mistaken for weakness in the continuing wholesale franchise, and prevents Legacy reserve volatility from being hidden inside a flattering GWS forecast.

1. What this segment actually is

Global Wholesale & Specialty is Everest's direct insurance underwriting platform for risks that are too complex, volatile, specialized or structurally awkward for standardized admitted-market products. Customers ultimately include corporations, public and private entities, employers, project owners and specialized industries. Everest reaches them through wholesale and surplus-lines brokers, agents, program administrators and, for some products, direct relationships. The segment earns premium for assuming defined policy risks; its economic output is not a fee margin but the spread between earned premium and claims, acquisition costs and underwriting expenses.

The portfolio has six disclosed lines. Property / Short Tail covers commercial property, inland marine and other shorter-duration exposures. Specialty Casualty includes general liability, auto liability, umbrella and excess liability, where claim settlement can take years and legal-cost inflation matters. Other Specialty spans surety, trade credit, political risk and violence, marine, energy, construction and aviation. Accident and Health includes medical stop-loss, accident, short-term medical and supplemental health. Professional Liability includes directors and officers, errors and omissions, cyber and related financial lines. Workers' Compensation includes guaranteed-cost and loss-sensitive policies.

Pricing is case-specific. An underwriter estimates the frequency and severity of loss, policy terms, attachment point, limit, deductible, geography, industry, claims history and the cost of capital. The quoted premium is then negotiated through the broker. In E&S business, form flexibility and the ability to tailor exclusions, sublimits and deductibles can matter as much as the headline rate. This is why GWS can protect economics by shrinking an unattractive line even when industry premium is

expanding.

Distribution is both an opportunity and a constraint. The 2025 [WSIA and AM Best surplus-lines review](https://www.wsia.org/Common/Uploaded%20files/docs/PDF/AMbest/2025_AMBest_Report.pdf) says wholesale agents and brokers without binding authority remain the largest distribution channel. The same report shows the U.S. surplus-lines market has taken a materially larger share of commercial insurance over time. That supports structural demand for specialist capacity. It does not imply that Everest owns the customer relationship. Brokers control submissions and can redirect accounts toward carriers offering broader terms, larger lines, faster quotes or cheaper pricing.

Everest's commercial proposition is therefore a bundle: financial strength, claims-paying credibility, specialist underwriting judgment, willingness to deploy meaningful capacity and reliable broker service. The franchise wins when brokers believe Everest will understand an unusual risk, quote consistently, pay valid claims and remain available after a bad year. It loses when competitors provide the same capacity more cheaply or when Everest's risk selection proves worse than its peers'.

2. Current economics

GWS generated FY2025 NPE of $2.927 billion and issuer-disclosed Underwriting gain (loss) of $0.035 billion, a 1.20% margin. The recast series shows NPE of $2.686 billion in FY2023 and $2.889 billion in FY2024. Annual growth slowed from 7.56% in FY2024 to 1.32% in FY2025. These values come from the [June 3, 2026 SEC recast](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000027/eg-20260603_d2.htm), as reproduced in data_package §3.

The TTM ending 2026-06-30 comprises $0.737 billion, $0.730 billion, $0.719 billion and $0.709 billion of NPE in 3Q25, 4Q25, 1Q26 and 2Q26, respectively, or $2.895 billion in total. The same reviewed quarterly table shows Underwriting gain (loss) margins of 4.48%, negative 8.90%, 3.20% and 4.80%. Those quarterly values come from the Everest 2Q26 financial supplement p. 13, released 2026-07-29, as reproduced in data_package §5. The sealed bridge gives TTM Underwriting gain (loss) of $0.025 billion from `official_ttm_normalization`. Accordingly, the exact arithmetic-implied TTM combined ratio is 99.14%, calculated as `1 - 0.025 / 2.895`. The annual and TTM economics show that GWS entered the forecast period around underwriting break-even despite visible remediation.

The reviewed package does not provide a TTM GWS loss-ratio and expense-ratio split. [DATA GAP: segment-level TTM loss ratio and expense ratio are not separately reproduced in the reviewed data package; only NPE and Underwriting gain (loss) margin are sealed.] I therefore do not invent historical components. Future loss and expense ratios are explicit analyst assumptions whose sum equals the forecast combined ratio. That maintains the exact profit identity: `Underwriting gain (loss) = NPE × (1 - combined ratio)`.

The disclosed FY2025 GWP mix was broad rather than concentrated in one product: Property / Short Tail and Specialty Casualty were the two largest lines, followed by Other Specialty, Accident and Health, Professional Liability and Workers' Compensation. The H1 2026 disclosed GWP mix was approximately 33.4%, 26.3%, 14.6%, 11.7%, 11.7% and 2.4%, respectively, calculated from [data_package §4, GWS line-of-business GWP table]. The mix is useful as a current exposure-weighting proxy but is not product NPE. The forecast explicitly marks product NPE anchors as analyst allocations.

Capital intensity is primarily insurance capital rather than plant and equipment. At 2Q26, GWS carried $6.134 billion of gross loss and LAE reserves, or 17.7% of Everest's total, according to [data_package §0a, Segment reserves table]. The FY2025 disclosed actuarial range for the segment ran from $5.388 billion to $6.482 billion around $5.935 billion reported. Those figures show why a few quarters of favorable attritional results do not settle the economic outcome. Premium is booked quickly; the accuracy of casualty and specialty pricing may not be known for years.

Traditional capex is immaterial to the underwriting segment. Reinvestment instead takes the form of people, data, pricing models, claims capability, licenses, distribution relationships and incremental regulatory capital. Expense absorption therefore matters: a newly built international or specialty team raises expense before the earned-premium base matures. Conversely, if profitable NPE grows without a proportional increase in overhead, the other-underwriting-expense ratio can fall materially.

3. Unit economics

The underwriting equation is simple but lagged. GWS receives gross written premium, cedes a portion to reinsurers, records net written premium, earns that premium across policy periods and recognizes claims as events occur or estimates change. Commission and brokerage expense compensates distribution. Other underwriting expense funds underwriting, claims, technology and administration. The combined ratio is the loss ratio plus the expense ratio. A 95.0% combined ratio means $5.00 of underwriting profit per $100 of NPE; a 102.0% ratio means a $2.00 loss.

Premium growth alone is not value creation. The crucial comparison is rate change versus prospective loss-cost inflation. In short-tail property, rate adequacy can respond relatively quickly, but catastrophe frequency, secondary perils, construction costs and reinsurance terms can produce volatility. In long-tail casualty, social inflation, medical inflation, attorney involvement and nuclear verdicts can make booked loss ratios look adequate for several years before adverse development appears. Professional lines and cyber combine competitive rate cycles with changing contract language and aggregation risk. Accident and Health is exposed to medical-cost trend and program structure. Other Specialty can diversify the book but contains low-frequency, high-severity exposures such as aviation, marine, energy and political violence.

The 2026 market is not uniformly hard. Marsh's [Global Insurance Market Index](https://www.marsh.com/en-gb/services/international-placement-services/insights/global-insurance-market-index.html?sf276278035=1&sf276336076=1) reported that global commercial insurance rates declined 6% in 2Q26, with property down 12%, financial and professional lines down 3%, cyber down 4% and casualty up 2%. U.S. casualty was firmer than the global average. This divergence matters: Property / Short Tail and Professional Liability face abundant capacity and price competition, while U.S.-exposed excess casualty still needs rate because claims severity remains elevated.

Retention is an important diagnostic but is not disclosed in the reviewed package. [DATA GAP: GWS renewal retention, new-business volume, renewal-rate change and rate-versus-loss-cost metrics are not quantified in the reviewed data package.] Without those figures, premium growth cannot be decomposed into exposure, price, retention and new business. The correct underwriting response is to demand evidence through future disclosure, not to treat a growing E&S market as automatic GWS share gain.

Expense leverage is currently a large part of the thesis. A post-divestiture organization can carry duplicated systems, stranded functions and freshly hired teams while the premium base is being remixed. The data package's management anchor says expenses should improve as the business scales. That is plausible because many underwriting and governance costs are semi-fixed. It is not automatic: broker commissions vary with premium, highly compensated underwriters must be retained, global licensing adds fixed cost, and specialty growth may require claims specialists before revenue arrives.

Because the historical component split is unavailable, the model makes the combined ratio the primary scenario decision and uses the displayed loss and expense ratios only as a transparent analytical decomposition. In base, the terminal combined ratio reaches 95.0%, split into a 62.5% loss ratio and 32.5% expense ratio. This still credits remediation and mix improvement, but it does not assume that an undisclosed current expense ratio can fall by more than 300 basis points. In bull, pricing discipline, favorable mix and fixed-cost leverage produce a 59.0% loss ratio and 31.0% expense ratio. In bear, adverse selection and claims inflation raise the loss ratio to 68.5%, while weak volume and persistent infrastructure costs hold the expense ratio at 33.5%.

4. Competitive dynamics

GWS competes with large global carriers such as AIG, Chubb and Zurich; Bermuda specialty groups such as AXIS and Arch; diversified U.S. specialty insurers such as W. R. Berkley and Markel; Lloyd's syndicates; program carriers; and newer E&S platforms. Competition differs by product. Property capacity can enter quickly after profitable years. Excess casualty needs seasoned claims data and disciplined limits management but can still attract capital. Cyber and professional lines can soften rapidly when capacity grows. Surety, political risk, aviation and energy rely more heavily on specialist expertise and client confidence.

Competitor disclosures illustrate the breadth of alternatives available to brokers. [AXIS Capital's 2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/1214816/000121481626000097/axs-20251231.htm) describes a global specialty insurance portfolio covering property, professional lines, liability, cyber, marine and aviation, accident and health, and credit and political risk—almost the same opportunity set as GWS. [W. R. Berkley's 2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/11544/000001154426000005/wrb-20251231.htm) describes specialist units distributed through retail and wholesale agents, brokers and MGAs. There is no proprietary product category in which Everest is the only credible supplier.

Market demand is nonetheless structurally attractive. The [WSIA 2025 review](https://www.wsia.org/wcm/Foundation/wcm/Foundation/Summary.aspx?WebsiteKey=b30712e8-c627-487a-8379-63045804a341) reports that surplus-lines direct premium reached a record level in 2024 and that the sector's share of commercial-lines premium had more than tripled since 2000. The report links the segment's role to customized coverage and flexible forms for nonstandard risks. This supports a durable addressable market even when renewal rates soften.

Wholesale distribution concentrates bargaining power. The largest brokers aggregate submissions, benchmark quotes and know which carriers are seeking volume. [Ryan Specialty's 2025 annual report](https://www.sec.gov/Archives/edgar/data/1849253/000184925326000015/ryanspecialty2025arswrap.htm) describes wholesale brokerage as a scaled channel that gives carriers variable-cost distribution and retail brokers access to specialist markets. For Everest, that arrangement reduces the need to own retail distribution but makes service level, quote speed, capacity and broker relationships essential. Broker access is a moat only when earned repeatedly; it is not exclusive.

Pricing power belongs to the carrier when the risk is scarce, the exposure is hard to model, capacity is constrained and the insurer has demonstrated claims expertise. It shifts to the buyer when several well-rated carriers offer similar limits. Marsh's 2Q26 property and professional-lines declines show that the market currently favors buyers in important GWS lines. GWS's answer must be selection and mix, not growth at a weaker technical price.

Adverse selection is the central competitive hazard. A carrier that refuses underpriced risks may report shrinking premium while disciplined. A carrier that posts strong growth in a soft market may be receiving the risks peers rejected. That is why the base case assumes only 3.84% aggregate NPE growth even though surplus-lines demand is structurally expanding. The segment must prove that growth in Other Specialty, Professional Liability, Accident and Health and selected geographies is not purchased by accepting hidden tail risk.

5. Moat at the segment level

GWS has a credible but not dominant moat. Its strongest assets are Everest's balance sheet and claims-paying reputation, global licenses, long-standing broker connectivity, the ability to combine insurance and reinsurance expertise, and specialist underwriting teams. Those qualities permit it to quote complex placements, deploy meaningful limits and remain relevant to global brokers. The carrier's broader reinsurance franchise may also improve risk intelligence and capital flexibility.

The moat is weaker than a consumer brand or a proprietary network. Policyholders often interact primarily with brokers. Underwriters can move between firms. Competitors can add capacity, and policy forms can be copied. Switching costs at renewal are usually manageable, especially when rates fall. Everest therefore cannot rely on incumbency. Its durable advantage must show up in risk selection, claims handling, broker responsiveness and lower volatility through the cycle.

The sale of Commercial Retail renewal rights can strengthen the moat if it narrows management attention to business where Everest has better broker access and underwriting differentiation. It can also weaken the platform if shared systems, local licenses or relationship coverage were economically supported by the retail book. The base case assumes the retained platform preserves distribution relevance and absorbs stranded cost over three to five years. The bear case assumes the opposite: premium declines reduce broker mindshare, expense leverage fails and Everest accepts marginal risks to rebuild scale.

At a 2046 horizon, the specialty market should still exist. Climate volatility, cyber risk, supply-chain complexity, energy transition, political risk and new technologies create exposures that standard forms will struggle to address. The need for risk capital and contractual expertise is durable. Everest's participation is not guaranteed. Data and automated submission triage can commoditize simpler E&S risks; brokers can direct the remaining complex business to the carriers with the best analytics and fastest decisioning. Capital-market vehicles can also expand capacity in selected short-tail risks.

The 2046 verdict is therefore **durable market, conditionally durable franchise**. Everest can remain relevant if it retains specialist talent, prices claims inflation ahead of competitors, maintains strong ratings, and uses data without outsourcing underwriting judgment. A two-decade moat claim would fail if GWS repeatedly under-reserves long-tail casualty, loses major broker panels, or can only grow by matching uneconomic terms.

6. Historical growth rates

The current-taxonomy annual history begins in FY2023. The segment-total annual figures come from the June 3, 2026 SEC recast; the 2Q26 NPE trend comes from the Everest 2Q26 financial supplement p. 13, released 2026-07-29. Product rows use FY2025 GWP from the same supplement p. 14 because product NPE is not separately disclosed; the product rows are not summed into segment NPE. Comparable-basis 2Q26 product growth comes from the SEC-filed earnings release dated 2026-07-29. No product dollars are back-solved.

Product / sub-segment	FY2023 rev or proxy	FY2024 rev or proxy	FY2025 rev or proxy	3-year series CAGR	Most recent YoY	Data package cite
GWS total NPE	$2.686B [data_package §3, GWS NPE row]	$2.889B [data_package §3, GWS NPE row]	$2.927B [data_package §3, GWS NPE row]	4.40% [data_package §3, GWS NPE row; calculated FY2023-FY2025]	-2.61% 2Q26 NPE [data_package §5, GWS 2Q26 row]	data_package §3 and §5

Product / sub-segment	FY2023 rev or proxy	FY2024 rev or proxy	FY2025 rev or proxy	3-year series CAGR	Most recent YoY	Data package cite
Property / Short Tail GWP proxy	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	$1.065B GWP [data_package §4, GWS product row 1]	Not calculable [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	Not separately disclosed [data_package §4, comparable-growth table; Property / Short Tail absent]	data_package §4 row 1 and §10 product-history row
Specialty Casualty GWP proxy	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	$1.056B GWP [data_package §4, GWS product row 2]	Not calculable [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	-7.2% 2Q26 GWP [data_package §4, comparable-growth row 9]	data_package §4 row 2 and growth row 9
Other Specialty GWP proxy	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	$0.467B GWP [data_package §4, GWS product row 3]	Not calculable [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	10.1% 2Q26 GWP [data_package §4, comparable-growth row 6]	data_package §4 row 3 and growth row 6
Accident and Health GWP proxy	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	$0.438B GWP [data_package §4, GWS product row 4]	Not calculable [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	2.9% 2Q26 GWP [data_package §4, comparable-growth row 8]	data_package §4 row 4 and growth row 8
Professional Liability GWP proxy	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	$0.349B GWP [data_package §4, GWS product row 5]	Not calculable [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	8.6% 2Q26 GWP [data_package §4, comparable-growth row 7]	data_package §4 row 5 and growth row 7
Workers' Compensation GWP proxy	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	$0.107B GWP [data_package §4, GWS product row 6]	Not calculable [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	-16.7% 2Q26 GWP [data_package §4, comparable-growth row 10]	data_package §4 row 6 and growth row 10

The three annual GWS NPE observations pass the internal arithmetic check. $2.686 billion multiplied by 1.0756 equals $2.889 billion within rounding, and $2.889 billion multiplied by 1.0132 equals $2.927 billion within rounding. Product rows cannot be tested over three years because the current-taxonomy product dollars are a true non-disclosure, not a calculation failure. [DATA GAP: no current-taxonomy FY2023-FY2024 product GWP or product NPE history is available in the reviewed package.]

7. Management guidance

Every relevant forward-looking GWS excerpt in the reviewed data package is listed below. The excerpts are deliberately short and are not replaced with newly fetched transcript language.

- [data_package §6, GWS row 1] On the Q3 FY2025 call dated 2025-10-28, CEO James Williamson said the retained specialty investment was aimed at “top and bottom line growth.” This establishes the direction of travel, not a numeric guide. With TTM NPE still down modestly, the model requires actual production growth and ratio repair before crediting the aspiration.
- [data_package §6, GWS row 2] On the Q4 FY2025 call dated 2026-02-05, Williamson said Everest expected to “increase underwriting profitability over the course of 2026.” The wording supports gradual improvement rather than an immediate best-in-class result. The base path therefore moves the combined ratio down over five years, not in one step.
- [data_package §6, GWS row 3] On the Q1 FY2026 call dated 2026-04-30, Williamson said the expense ratio should “improve as we scale the business.” This is the foundation for base-case expense absorption. It is conditional on earned-premium growth and does not justify a lower commission ratio by itself.
- [data_package §6, GWS row 4] On the Q2 FY2026 call dated 2026-07-30, CFO Elias Habayeb placed the near-term attritional loss ratio in the “same neighborhood as where we were this quarter.” The model therefore avoids an abrupt loss-ratio improvement in the first forward year. More meaningful improvement requires portfolio maturation and earned impact from remediation.

Management did not provide a numeric five-year GWS NPE target, product CAGR, retention range, rate-change target, expense-ratio goal or terminal combined-ratio target in the reviewed package. [DATA GAP: no quantitative GWS medium-term guide is disclosed in data_package §6.] The scenarios are therefore analyst underwriting, not management guidance.

8. Forward growth assumptions

Forecast architecture

The sealed TTM GWS NPE anchor is $2.895 billion. Because product NPE is not disclosed, I allocate that total across the six product lines using each line's share of H1 2026 GWP from Everest's 2Q26 financial supplement p. 14, as reproduced in data_package §4. The resulting product NPE anchors—$0.967 billion Property / Short Tail, $0.762 billion Specialty Casualty, $0.422 billion Other Specialty, $0.337 billion Accident and Health, $0.337 billion Professional Liability and $0.069 billion Workers' Compensation—are analyst allocation estimates, not historical disclosure. Their exact underlying values sum to $2.895 billion. H1 2026 GWP is current-taxonomy GWS production after the 2026 reporting change, so the allocation does not reinsert Commercial Retail volume assigned to Legacy. It nevertheless assumes that product cession and earning patterns match GWP mix and that H1 seasonality is representative. As a sensitivity, allocating the same $2.895 billion TTM NPE by disclosed FY2025 GWP mix instead changes terminal segment NPE from $2.709 billion to $2.690 billion in bear, $3.496 billion to $3.470 billion in base, and $4.037 billion to $4.011 billion in bull, each by less than 1%. The total forecast is therefore not materially dependent on the H1 mix proxy, but the product-level anchors remain estimates.

Base case product growth

Product	3-year historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Property / Short Tail	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	Not disclosed [data_package §4, comparable-growth table; Property / Short Tail absent]	No numeric guide [data_package §6, GWS commentary table]	3.0%	Soft property pricing limits nominal growth, but E&S demand, exposure growth and targeted international business offset part of the rate decline.
Specialty Casualty	Not disclosed [data_package §10]	-7.2% [data_package §4, growth row 9]	No numeric guide [data_package §6]	2.0%	Current contraction reflects remediation; growth resumes slowly because U.S. casualty price remains firmer but claims inflation caps appetite.
Other Specialty	Not disclosed [data_package §10]	10.1% [data_package §4, growth row 6]	Top and bottom line growth aspiration [data_package §6, row 1]	7.0%	Marine, energy, aviation, surety and political risk provide differentiated growth, tempered below current YoY by cyclicality and event volatility.
Accident and Health	Not disclosed [data_package §10]	2.9% [data_package §4, growth row 8]	No numeric guide [data_package §6]	5.0%	Medical stop-loss and specialty health demand support growth, but medical inflation and program selection prevent an aggressive assumption.
Professional Liability	Not disclosed [data_package §10]	8.6% [data_package §4, growth row 7]	No numeric guide [data_package §6]	6.0%	New cyber and financial-lines demand partly offsets market rate declines; selectivity limits share capture.
Workers' Compensation	Not disclosed [data_package §10]	-16.7% [data_package §4, growth row 10]	No numeric guide [data_package §6]	-3.0%	Remediation continues, but the rate of contraction eases as the small residual book approaches a deliberately chosen core.

The base-case aggregate NPE CAGR is 3.84%, slightly below the recast FY2023-FY2025 segment CAGR of 4.40%. The mix shifts toward Other Specialty, Professional Liability and Accident and Health. Property grows slower than exposure because rates are soft, while Specialty Casualty returns to only modest growth after remediation. This is consistent with a competitive market and with management's claim that GWS is being built for profitable, not indiscriminate, growth.

Bull case product growth

Product	3-year historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Property / Short Tail	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	Not disclosed [data_package §4, comparable-growth table; Property / Short Tail absent]	No numeric guide [data_package §6, GWS commentary table]	6.0%	Strong broker execution and geographic expansion win exposure growth even as rate softens; catastrophe pricing remains adequate.
Specialty Casualty	Not disclosed [data_package §10]	-7.2% [data_package §4, growth row 9]	No numeric guide [data_package §6]	5.0%	Remediation finishes early and U.S. excess-casualty rate stays above loss trend, allowing controlled new business.

Product	3-year historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Other Specialty	Not disclosed [data_package §10]	10.1% [data_package §4, growth row 6]	Top and bottom line growth aspiration [data_package §6, row 1]	10.0%	Specialist teams compound near current growth as energy, aviation, marine, political-risk and construction demand expands.
Accident and Health	Not disclosed [data_package §10]	2.9% [data_package §4, growth row 8]	No numeric guide [data_package §6]	8.0%	Distribution broadens and disciplined medical stop-loss growth exceeds current momentum without assuming double-digit compounding.
Professional Liability	Not disclosed [data_package §10]	8.6% [data_package §4, growth row 7]	No numeric guide [data_package §6]	9.0%	Cyber demand, new technologies and international reach outweigh rate pressure; Everest retains underwriting discipline.
Workers' Compensation	Not disclosed [data_package §10]	-16.7% [data_package §4, growth row 10]	No numeric guide [data_package §6]	2.0%	The remediated core stabilizes and grows with payroll exposure after a deliberate near-term reset.

The bull-case aggregate NPE CAGR is 6.88%. This is a share-and-mix case, not a return to the divested retail model. It assumes GWS uses broker access and specialist hires to grow in selected international and specialty niches while resisting the worst property price competition. It also assumes no major ratings impairment or claims shock disrupts distribution.

Bear case product growth

Product	3-year historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Property / Short Tail	Not disclosed [data_package §10, Current-taxonomy FY2021-FY2024 product dollars row]	Not disclosed [data_package §4, comparable-growth table; Property / Short Tail absent]	No numeric guide [data_package §6, GWS commentary table]	-2.0%	Double-digit market rate declines and abundant capacity overpower exposure growth; Everest walks away or loses renewals.
Specialty Casualty	Not disclosed [data_package §10]	-7.2% [data_package §4, growth row 9]	No numeric guide [data_package §6]	-3.0%	Claims inflation and reserve caution keep underwriting appetite constrained while brokers redirect cleaner risks.
Other Specialty	Not disclosed [data_package §10]	10.1% [data_package §4, growth row 6]	Top and bottom line growth aspiration [data_package §6, row 1]	1.0%	Current growth fades as competing capacity enters and volatile losses reduce appetite.
Accident and Health	Not disclosed [data_package §10]	2.9% [data_package §4, growth row 8]	No numeric guide [data_package §6]	0.0%	Medical inflation absorbs rate and weakens program economics, leaving nominal NPE flat.
Professional Liability	Not disclosed [data_package §10]	8.6% [data_package §4, growth row 7]	No numeric guide [data_package §6]	1.0%	Cyber demand prevents contraction, but price competition and aggregation concerns eliminate most growth.
Workers' Compensation	Not disclosed [data_package §10]	-16.7% [data_package §4, growth row 10]	No numeric guide [data_package §6]	-8.0%	Continued remediation and weak broker relevance shrink the already small book.

The bear-case aggregate NPE CAGR is negative 1.32%. The path represents both discipline and franchise risk: some shrinkage is deliberate, but sustained decline creates expense diseconomies and may reduce broker access. Adverse selection is assumed to worsen because the best accounts receive aggressive competing quotes while Everest retains or wins a weaker mix.

9. Forward segment-profit margin assumptions — Underwriting gain (loss)

The exact metric is **Underwriting gain (loss)**. No table in this section uses operating income. The TTM combined ratio of 99.14% is derived from sealed NPE and Underwriting gain (loss). Historical component ratios are unavailable in the reviewed package, so only forecast loss and expense ratios are split.

Case	TTM combined ratio	TTM loss ratio	TTM expense ratio	TTM+5y loss ratio	TTM+5y expense ratio	TTM+5y combined ratio	TTM+5y Underwriting gain margin
Bear	99.14% derived	Not disclosed	Not disclosed	68.5%	33.5%	102.0%	-2.0%

Case	TTM combined ratio	TTM loss ratio	TTM expense ratio	TTM+5y loss ratio	TTM+5y expense ratio	TTM+5y combined ratio	TTM+5y Underwriting gain margin
Base	99.14% derived	Not disclosed	Not disclosed	62.5%	32.5%	95.0%	5.0%
Bull	99.14% derived	Not disclosed	Not disclosed	59.0%	31.0%	90.0%	10.0%

The base-case 414-basis-point combined-ratio improvement is material and demands explicit support. The package discloses neither the current loss ratio nor the current expense ratio, so no portion of the TTM-to-terminal change can be factually attributed to either component. The displayed 62.5% and 32.5% terminal split is an analytical decomposition, not a historical bridge. The 95.0% combined-ratio decision requires the earned effect of portfolio remediation, a larger contribution from selected specialty lines, fewer poorly priced casualty risks, and only modest expense absorption as retained GWS NPE grows. It also recognizes that commissions are variable, the specialist platform still requires investment, and management supplied no numeric expense target. The 2025 adverse-development agreements cover portions of GWS and Legacy North American liabilities for accident years 2024 and prior; the base case therefore does not treat any one-off cession or reserve benefit as recurring underwriting improvement.

The bull case assumes a 914-basis-point improvement to a 90.0% combined ratio. That requires superior risk selection, benign development, controlled catastrophe burden, sustained rate adequacy in casualty and strong fixed-cost leverage. It is plausible only if mix growth comes from truly differentiated specialty business and international expansion rather than price-led volume. The margin is not assigned a high probability.

The bear case assumes a 286-basis-point deterioration to a 102.0% ratio. Loss cost rises faster than price, long-tail selections prove adverse, and soft property conditions weaken renewal economics. The expense ratio remains high because the post-retail platform cannot spread global infrastructure over a growing earned-premium base. Underwriting losses are modest rather than catastrophic, but they would undermine the thesis that the divestiture created a consistently profitable core.

Product-level margins are not modeled because the reviewed package discloses no product NPE, loss ratio, expense ratio or Underwriting gain (loss). [DATA GAP: product-level underwriting profitability is not disclosed.] Applying invented margins to each line would create false precision. The segment-level ratio path is the auditable forecast boundary.

10. Segment rollup

Bottom-up terminal NPE by product

Product	Estimated TTM NPE allocation	Bear TTM+5y NPE	Base TTM+5y NPE	Bull TTM+5y NPE
Property / Short Tail	$0.967B	$0.874B	$1.121B	$1.294B
Specialty Casualty	$0.762B	$0.655B	$0.842B	$0.973B
Other Specialty	$0.422B	$0.443B	$0.591B	$0.679B
Accident and Health	$0.337B	$0.337B	$0.430B	$0.496B
Professional Liability	$0.337B	$0.354B	$0.451B	$0.519B
Workers' Compensation	$0.069B	$0.046B	$0.060B	$0.077B
Segment total calculated before row rounding	$2.895B	$2.709B	$3.496B	$4.037B

The segment totals are direct sums of the allocated product anchors compounded for exactly five years at the case-specific rates in Section 8. Row rounding causes at most a $0.001 billion display difference, below 0.04%; unrounded values reconcile within the required 1% tolerance.

Explicit five-year NPE and underwriting-ratio paths

Case and date	NPE	Forecast loss ratio	Forecast expense ratio	Combined ratio	Underwriting gain margin	Underwriting gain (loss)
TTM 2026-06-30 sealed anchor	$2.895B	Not disclosed	Not disclosed	99.14% derived	0.86%	$0.025B
Bear 2027-06-30	$2.855B	66.2%	33.5%	99.7%	0.3%	$0.009B
Bear 2028-06-30	$2.816B	66.7%	33.5%	100.2%	-0.2%	-$0.006B
Bear 2029-06-30	$2.779B	67.3%	33.5%	100.8%	-0.8%	-$0.022B
Bear 2030-06-30	$2.744B	67.9%	33.5%	101.4%	-1.4%	-$0.038B

Case and date	NPE	Forecast loss ratio	Forecast expense ratio	Combined ratio	Underwriting gain margin	Underwriting gain (loss)
Bear 2031-06-30	$2.709B	68.5%	33.5%	102.0%	-2.0%	-$0.054B
Base 2027-06-30	$3.004B	64.5%	33.0%	97.5%	2.5%	$0.075B
Base 2028-06-30	$3.118B	63.8%	33.0%	96.8%	3.2%	$0.100B
Base 2029-06-30	$3.238B	63.3%	32.9%	96.2%	3.8%	$0.123B
Base 2030-06-30	$3.364B	62.8%	32.8%	95.6%	4.4%	$0.148B
Base 2031-06-30	$3.496B	62.5%	32.5%	95.0%	5.0%	$0.175B
Bull 2027-06-30	$3.092B	63.0%	32.0%	95.0%	5.0%	$0.155B
Bull 2028-06-30	$3.304B	62.0%	32.0%	94.0%	6.0%	$0.198B
Bull 2029-06-30	$3.531B	61.0%	31.8%	92.8%	7.2%	$0.254B
Bull 2030-06-30	$3.775B	60.0%	31.4%	91.4%	8.6%	$0.325B
Bull 2031-06-30	$4.037B	59.0%	31.0%	90.0%	10.0%	$0.404B

This path is intentionally gradual. Management's commentary supports improvement during 2026 but does not support a one-year transformation. Base underwriting gain rises from $25 million to $75 million in the first forward year, then to $175 million by the horizon. The total combined-ratio path is the auditable assumption; the undisclosed historical component split means the forecast loss and expense rows are scenario decompositions rather than measured bridges. The bear case shows how quickly small negative underwriting spreads can erase profit: at a 102.0% ratio, $2.709 billion of NPE produces a $54 million loss. The bull case illustrates the operating leverage available if the business achieves a 90.0% combined ratio on $4.037 billion of NPE.

Scenario reconciliation and probability weighting

Case	Product NPE sum	Segment NPE	Combined ratio	Formula	Underwriting gain (loss)	Probability
Bear	$2.709B	$2.709B	102.0%	$2.709B × negative 2.0%	-$0.054B	30%
Base	$3.496B	$3.496B	95.0%	$3.496B × 5.0%	$0.175B	50%
Bull	$4.037B	$4.037B	90.0%	$4.037B × 10.0%	$0.404B	20%
Probability-weighted	$3.368B	$3.368B	95.49% implied	Weighted gain divided by weighted NPE	$0.152B	100%

The probability-weighted row is computed from terminal dollars, not by averaging displayed margins. It weights terminal NPE and Underwriting gain (loss) across the three cases, then derives the 95.49% combined ratio from the weighted totals. Bear receives 30%, base 50% and bull 20%: the downside tail is heavier than the upside tail because TTM underwriting was only near break-even, one of the last four quarters was loss-making, no numeric medium-term ratio target exists, and the retail separation and remediation have not been tested through a full market cycle.

11. Key risks and wildcards

Bear — claims inflation outruns rate. Specialty Casualty, Professional Liability, Workers' Compensation and Accident and Health contain long- or medium-tail exposures. A stable reported loss ratio can be misleading if social, legal or medical inflation accelerates after policies are priced. U.S. casualty rate increases observed by Marsh indicate the market recognizes pressure, but Everest still must show rate above loss trend and prudent limit management.

Bear — adverse selection during remediation. Shrinking a weak portfolio is rational, yet rebuilding can attract risks competitors avoid. The danger signal is premium growth without retention, rate, new-business and loss-cost disclosure. Faster growth would not justify a higher forecast unless the company demonstrates risk-adjusted pricing.

Bear — expense absorption fails. The retained GWS platform has global infrastructure and specialist teams. If NPE stays near $2.9 billion, costs may remain too high for the combined ratio to reach even the mid-90s. The expense ratio is therefore as important as the loss ratio in judging the turnaround, but the current segment component ratio is not disclosed and cannot be inferred from the combined ratio alone.

Bear and base — wholesale broker bargaining power. Large intermediaries can concentrate submissions and compare capacity. Everest must remain relevant on panels, quote quickly and provide meaningful limits. A ratings downgrade, inconsistent appetite or claims dispute could reduce flow before it appears in earned premium.

Bear and base — Commercial Retail separation leaks into core economics. Renewal rights moved, but historical liabilities did not evaporate. GWS still carries its own retained policy and reserve obligations; Legacy separately runs down the sold retail book. Transition services, shared infrastructure and reserve adjustments can blur headline results. The segment should be judged only on GWS-reported NPE and Underwriting gain (loss), while Legacy claims and capital release remain outside the go-forward GWS model.

Base — property soft market. Marsh's 2Q26 global property rate decline demonstrates abundant capacity. Exposure growth and broker relationships may sustain premium, but lower rates and broader terms reduce margin for error. The base case assumes only 3% Property / Short Tail NPE growth.

Base and bull — geographic growth. Everest cites targeted international markets as part of GWS development, but the reviewed package provides no common geographic NPE or underwriting-profit table. [DATA GAP: geographic GWS premium, retention and profitability are not separately disclosed.] Expansion can diversify peak exposures and open new broker channels, but it also adds licensing cost, unfamiliar legal regimes and local claims inflation.

Bull — specialist lines scale faster than expected. Other Specialty, Professional Liability and Accident and Health can compound above the segment average if new teams mature and distribution broadens. The bull case captures this possibility through 8% to 10% product CAGRs, but only with disciplined terms.

Bull and bear — technology. Automation can improve submission triage, pricing consistency and broker response time. It can also commoditize simpler risks and intensify competition. By 2046, a successful franchise will combine data and AI with human accountability for complex risk rather than treating automated scoring as a substitute for underwriting judgment.

Bear — catastrophe and aggregation. Property, marine, aviation, energy, cyber and political violence can produce correlated losses. Reinsurance reduces volatility but has a cost and may not respond exactly as modeled. A benign five-year period is not a sustainable normalized assumption.

Bear — reserve range and ADC overconfidence. The disclosed actuarial range around GWS reserves is wide, and the adverse-development arrangement covering portions of older North American liabilities does not eliminate all retained exposure. A reinsurance recovery is also a counterparty claim. The bear case assumes unfavorable experience emerges through the loss ratio rather than treating historical reserve actions as a clean reset.

Monitoring scorecard

Evidence to monitor	Base-case threshold	Bear trigger	Bull confirmation
GWS NPE trajectory	Returns to low-single-digit growth by the first two forward years	Sustained contraction beyond deliberate remediation	Mid- to high-single-digit growth with stable terms
Combined ratio	Moves below 97% and trends toward about 95%	Repeated results above 100% absent a major catastrophe	Sustained result around 90% with normal catastrophe load
Loss ratio	Gradual improvement with no adverse development shock	Casualty or professional-lines deterioration despite rate	Improvement alongside stable reserve development
Expense ratio	Falls as NPE scales	Remains above one-third of NPE with weak growth	Approaches 30% without cutting control functions
Mix	Specialty growth offsets remediated casualty and workers' compensation	Growth concentrates in weakly priced property or casualty	Other Specialty, A&H and Professional Liability scale profitably
Distribution	Stable access to major wholesale brokers	Lost panels, slower submissions or price-led retention	Higher-quality submissions and broader international access
Commercial Retail separation	GWS economics stay distinct from Legacy run-off	Transition or reserves repeatedly obscure GWS performance	Legacy becomes immaterial without expense leakage into GWS

Summary

GWS is a plausible turnaround inside an attractive specialty-insurance market, but it has not yet demonstrated a through-cycle underwriting moat. The recast history shows modest NPE growth and thin Underwriting gain (loss), while the recent quarterly record contains one loss-making quarter and otherwise low-single-digit margins. The base case gives management credit for remediation, mix improvement and modest expense absorption, but only gradually and without recurring credit for the 2025 adverse-development agreements. It assumes the retained wholesale platform grows 3.84% annually and reaches a 95.0% combined ratio in exactly five years. The bear case recognizes that soft property pricing, claims inflation, adverse selection and stranded cost can leave the segment unprofitable. The bull case requires genuine broker-led franchise expansion and disciplined specialty growth—not the return of divested Commercial Retail volume.

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	$2.709B NPE	Underwriting gain (loss)	-2.0%	-$0.054B	30%
Base	$3.496B NPE	Underwriting gain (loss)	5.0%	$0.175B	50%
Bull	$4.037B NPE	Underwriting gain (loss)	10.0%	$0.404B	20%

Source archive note: new live evidence used for market and qualitative context was archived without overwriting reviewed historical inputs under `raw\20260808T163323Z\b_gws_*`. The archived Swiss Re cycle page fetch failed after one identical retry because of a JavaScript and cookie challenge; no Swiss Re quantitative claim is used in this appendix.

Appendix B3 — Legacy

Legacy — Segment Deep Dive

Everest Group, Ltd. (NYSE: EG) Model anchor: TTM ended 2026-06-30; horizon 2031-06-30, exactly 5.0 years **Reporting currency:** USD; dollars in millions unless stated otherwise **Exact segment profit basis:** issuer-disclosed **Underwriting gain (loss)**, positive for profit and negative for loss **Scenario probabilities:** Bear 30%, Base 50%, Bull 20% **Historical source control:** `data_package.md` SHA-256 `122c6691e723614c937c683beaaa4958ccf986ac35510c4e0070f5cc03eb7109`; `statutory_bridge.json` SHA-256 `307ca56bdbe5ea78ae0617e3547a5d6b4a29b88ac2155f9e0a16b7352320f883`; sealed quote packet SHA-256 `0dc2aafc6667f699ee9a0d6f4dd339f6c9765deb01ec3701405327b29a8e93bc`

0. Segment boundary and taxonomy note

Legacy is a newly presented reportable segment under Everest's reporting structure effective 2026-01-01. The company retrospectively recast only FY2023, FY2024, and FY2025 into Reinsurance Treaty, Global Wholesale & Specialty, and Legacy. FY2021-FY2022 were not recast and are therefore not compared, allocated, or estimated here. The boundary is economically important: Legacy is not the former Insurance segment under a new name. It contains divested and held-for-sale commercial retail operations, policies retained after the sale of renewal rights, the sold sports-and-leisure business's remaining policies and finite post-sale paper, run-off asbestos and environmental exposures, discontinued insurance programs, and discontinued insurance and reinsurance classes. The appendix uses the FY2023-FY2025 recast history and the TTM ended 2026-06-30 only. [DATA GAP: FY2021-FY2022 values do not exist under the current recast taxonomy and are intentionally not fabricated.]

1. What this segment actually is

Legacy is a claims-and-exit operation wrapped around a shrinking premium base. It is not a franchise being managed for durable organic growth. Most of the customer acquisition right attached to the global Commercial Retail book was transferred to AIG, while Everest continues to earn premiums from policies already in force, finite 2026 renewals written on its paper, held-for-sale legal entities, and other closed blocks. The distinction between a renewal-rights sale and a legal transfer of liabilities is critical. A buyer can receive the right to pursue the next policy renewal without assuming every obligation from policies Everest wrote before the sale. The premium stream can disappear rapidly while claims administration, reserve risk, collateral, reinsurance recoverables, legal defense, and regulatory capital remain for years.

Everest's current Form 10-Q describes Legacy as the divested and held-for-sale portions of commercial retail, the sold sports-and-leisure business's pre-sale policies and certain post-sale policies written on Everest paper, run-off A&E exposures, discontinued programs, and discontinued insurance and reinsurance classes. It also states that the segment generally does not sell products and instead manages existing policies and settles related losses. Certain commercial retail policies were to be renewed on Everest paper only for a finite period during 2026. This confirms that net premiums earned, or NPE, should be modeled as runoff rather than a normal revenue CAGR. It also means that a lower future NPE number is usually evidence that the exit is progressing, not evidence of competitive failure. ([Everest 2Q26 Form 10-Q](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000032/eg-20260630.htm))

The economic "customer" changes over time. During the transition, Everest still serves policyholders, brokers, cedants, claimants, courts, regulators, reinsurers, and the buyers of renewal rights or legal entities. After premium writings stop, the most important constituencies are claimants and regulators. Pricing no longer creates much value because most historical contracts cannot be repriced. Value instead comes from accurate reserving, disciplined claims settlement, collecting reinsurance recoverables, avoiding leakage, closing legal entities, and releasing capital without later reserve surprises.

The AIG transaction covers renewal rights in the U.S., U.K., Europe, and Asia Pacific, and the reviewed data package records the October 2025 agreement as a driver of the new Legacy segment, restructuring costs, and the capital-release thesis. It does not quantify the transferred portfolio in the segment evidence used here, so this appendix does not insert an external transaction-size estimate. Canada and Colombia are separate legal-entity disposals. Canada was expected to close in the second half of 2026, while Colombia was expected to close in early 2027, both subject to approvals and conditions. ([Everest 2Q26 Form 10-Q](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000032/eg-20260630.htm); `data_package.md` §9 Recent corporate actions) These transactions make the runoff lumpy. A legal-entity closing may remove earned premium and some balance-sheet items abruptly, while a renewal-rights transfer causes a more gradual earnings fade as existing policies expire.

2. Current economics

The best current economic anchor is the TTM ended 2026-06-30, composed exactly of 3Q25, 4Q25, 1Q26, and 2Q26. Legacy NPE was $1,782 million, calculated from $539 million, $521 million, $399 million, and $323 million in the four quarterly rows of the Everest 2Q26 financial supplement p. 15, released 2026-07-29 (`data_package.md` §5 Legacy). Issuer-disclosed Underwriting gain (loss) was negative $707 million under the QFR-sealed statutory bridge (`official_ttm_normalization`, `data_package.md` §3a). The resulting Underwriting gain (loss) margin was negative 39.7%, equivalent to an implied 139.7% combined ratio. The segment therefore consumed $1.397 of losses and underwriting expenses for every $1.00 of earned premium during the TTM. That is not a small margin miss; it is a loss-making runoff burden.

The annual recast history is also weak and volatile. FY2023 NPE was $2,094 million with a $165 million underwriting loss. FY2024 NPE was $2,194 million with a $1,468 million underwriting loss. FY2025 NPE was $2,137 million with a $726 million underwriting loss. The implied combined ratios were 107.9%, 166.9%, and 134.0%, respectively. These figures come from the June 3, 2026 Form 8-K recast (`data_package.md` §3 Legacy), which is the controlling source for the FY2023-FY2025 taxonomy. The three-point history demonstrates why reserve uncertainty must be modeled centrally. A steady, ordinary expense-ratio improvement cannot explain a one-year swing of this magnitude. Prior-year reserve development, loss emergence, catastrophe experience, one-time risk-transfer costs, and changing mix are capable of dominating the result.

The premium runoff is now visible in the quarterly history: NPE declined from $539 million in 3Q25 to $323 million in 2Q26, and the most recent YoY decline was 40.0%. Yet the underwriting margin remained negative 11.2% in 2Q26 after negative 5.5% in 1Q26. Even when the acute TTM reserve charge rolls out of the comparison, the remaining business is not demonstrably profitable. Management's own forward anchor in the reviewed data package was a combined ratio above 110% for 2026.

Capital intensity is reserve-intensive rather than plant-intensive. Legacy gross loss and LAE reserves were $7,985 million at 2Q26, 23.0% of Everest's group gross reserves, versus only $1,782 million of TTM NPE. The reserve stock was therefore about 4.5 times TTM earned premium. The FY2025 actuarial range was especially important: Legacy excluding A&E had a disclosed range of $7,366 million to $8,862 million around $8,114 million carried, while A&E had a range of $164 million to $254 million around $209 million carried. Combining those disclosed components yields a low of $7,530 million and a high of $9,116 million around $8,323 million carried. The high end is $793 million above the summed component carrying value, greater than the entire TTM underwriting loss and many times the terminal profit or loss in any reasonable runoff model. The 2Q26 reserve stock comes from the Everest 2Q26 supplement and the actuarial ranges from the June 3, 2026 recast (`data_package.md` §0a Segment reserves and actuarial ranges). The range is not a forecast or confidence interval, but it is direct evidence that reserve uncertainty is economically material.

The adverse-development cover, or ADC, reduces but does not remove this exposure. Everest obtained $1.2 billion of gross protection for substantially all North American Insurance liabilities from accident years 2024 and prior, but the company retained claims-handling authority, retained co-participation, and excluded certain liabilities including A&E. ([Everest ADC announcement](https://www.everestglobal.com/us-en/news-media/press-releases/2025/everest-secures-1-billion-adverse-development-cover), [Everest 2Q26 Form 10-Q](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000032/eg-20260630.htm)) The coverage also spans Global Wholesale & Specialty and Legacy, so its remaining limit cannot be assigned entirely to Legacy. It is protection with basis, attachment, counterparty, collection, and exhaustion risk, not economic finality.

[DATA GAP: the data package does not publish a current-taxonomy Legacy line-of-business table, so product shares cannot be calculated. The segment is modeled as one aggregate runoff pool rather than allocating invented dollars among retail, sports-and-leisure, A&E, and discontinued programs.]

3. Unit economics

For an active insurer, underwriting profit is earned premium less losses and loss-adjustment expense, commissions and brokerage, and other underwriting expenses. For Legacy, the same identity applies but the drivers behave differently because the denominator is disappearing. The exact metric used throughout this appendix is:

`Underwriting gain (loss) = NPE - incurred losses and LAE - commission and brokerage - other underwriting expenses.`

The corresponding margin is `100% - combined ratio`. A 106% combined ratio on $120 million of terminal NPE produces a $7.2 million underwriting loss; it does not become profitable simply because the dollar loss is small. Conversely, a $118

million terminal loss in the bear case can coexist with “immaterial” premium because reserve development is measured against a very small earned-premium denominator.

Four forces determine Legacy unit economics.

First, earned-premium runoff follows policy expiration rather than new customer demand. Written premium can collapse ahead of earned premium because previously written annual and multi-year policies continue to earn. Finite transition business written on Everest paper can slow the decline temporarily. Canada and Colombia continue inside Legacy until their legal sales close. Therefore, the path is not a smooth annuity and should not be valued on a standard revenue multiple.

Second, the core loss ratio reflects remaining current-year attritional and catastrophe claims. As cleaner, shorter-tail policies expire, mix can become adverse: long-tail casualty and claims-intensive blocks may represent a larger share of the remaining pool. Social inflation, litigation funding, medical severity, wage inflation, and repair-cost inflation can increase severity after the premium is fixed. There is little ability to recover this through future rate because the business is not being renewed by Everest.

Third, prior-year reserve development can overwhelm the current-year loss ratio. FY2024 and FY2025 results demonstrate that the earnings distribution is not symmetrical. Favorable development is bounded by the reserve redundancy that actually exists, while adverse development can compound through higher severity, longer reporting lags, and legal changes. The ADC protects specified North American accident years and layers, but exclusions, co-participation, and finite limits leave a meaningful retained tail. A&E is excluded and explicitly resists standard actuarial techniques.

Fourth, expenses become diseconomic as NPE shrinks. Commission and brokerage should burn off with active policies, but claims staff, outside counsel, actuarial work, systems, regulatory filings, audit, reinsurance collection, and entity-maintenance costs persist. Some can be moved to corporate functions or buyers, but doing so does not make them vanish economically. The other underwriting expense ratio can rise even as absolute dollars fall. This is why the model does not assume that scale leverage follows runoff. In the bull case, the operating-expense ratio reaches 37% at the 2031 endpoint because only $30 million of NPE remains; the actual dollar expense is $11 million.

Capital release is adjacent to, but not part of, Underwriting gain (loss). Reserve payment, reinsurance, legal-entity sales, and regulatory approval may release capital that management can deploy elsewhere. The segment appendix does not add disposal gains, transition fees, investment income, or released capital to underwriting profit. Those items belong in the consolidated bridge. This separation prevents a profitable capital transaction from masking an underwriting loss and avoids double counting.

4. Competitive dynamics

Legacy has no conventional market-share contest because it is generally closed to new business. Its relevant competition is the market for claims talent, actuarial judgment, commutation expertise, reinsurance capacity, and third-party legacy solutions. Specialist runoff firms can buy legal entities, assume reserves through loss-portfolio transfers, provide ADCs, or administer claims. Enstar, for example, describes solutions across workers’ compensation, A&E, construction defect, general liability, and property, using portfolio transfers, company sales, and other legal structures. ([Enstar legacy solutions](https://www.enstargroup.com/our-solutions/)) Everest competes with those specialists indirectly: it can retain and manage the liabilities itself, reinsure them, or sell/transfer them where price and regulatory approvals are acceptable.

Pricing power is weak in the usual sense. Everest cannot reprice past occurrence-based contracts after a claim emerges. It can negotiate settlements, challenge coverage, seek contribution from other carriers, collect reinsurance, commute exposures, or transfer a block to a specialist, but each action exchanges uncertainty for a price. A runoff buyer with superior claims data and lower administration costs may value a block more highly than Everest. On the other hand, buyers demand compensation for adverse-selection risk, so transferring a distressed block after bad development can crystallize a large economic cost.

The barriers to competent runoff management are expertise, data quality, claim-level history, legal rights, regulatory capital, and reputation with counterparties. These barriers do not create a growth moat for Everest shareholders. They merely reduce leakage from already-written liabilities. A specialist may have more scale in dormant entities and legacy systems, while Everest has first-party knowledge of its own policies, brokers, cedants, and claims. The best outcome is not market-share gain; it is finality at a cost below carried reserves plus required capital and administration.

Substitution risk is therefore structural. AIG is the substitute provider for the next-generation commercial retail customer relationship. Wawanesa is intended to own the Canadian platform. AIG is also intended to own Colombia. Longtail

Re-supported counterparties provide risk transfer for part of the historical North American reserve tail. These are signs of strategic exit, not competitive defense. The core Everest franchise may improve because management attention and capital shift to Treaty and Wholesale & Specialty, but Legacy itself should not be credited with a durable competitive advantage.

5. Moat at the segment level

Legacy has no positive moat in the compounder sense. It cannot reinvest at high returns, renew most customer relationships, or compound premium at attractive margins. Its “advantage” is defensive: policy knowledge, claims files, relationships with reinsurers, and experienced staff can reduce the ultimate cost of closure. That capability is valuable but exhaustible. Each settled claim consumes part of the asset.

The durability test is therefore inverted. Over five years, a well-run Legacy segment should become smaller. Over ten to twenty years, its best result is near-finality without a material reserve surprise. A segment still producing material premium in 2031 could signal transaction delays or retained paper obligations; a segment with near-zero premium but billions of gross reserves could still represent a significant capital and tail-risk burden.

There are three limited protections. The ADC caps part of adverse development above defined layers; the geographic and line-of-business diversification of retained claims reduces dependence on a single event; and Everest’s overall balance sheet supplies operational continuity. None is equivalent to a moat. ADC limits can exhaust, exclusions matter, reinsurance recoverables create counterparty and collection exposure, and the group balance sheet ultimately belongs to shareholders.

The 2046 lens makes the distinction clear. Twenty years after the 2026 anchor, commercial retail renewal economics should be gone, but long-tail casualty, A&E, workers’ compensation, professional liability, discontinued programs, and disputed reinsurance balances may remain open. A&E claims have exceptionally long latency and uncertain legal and medical development. Casualty claims can take many years to report and settle. Claims inflation can raise ultimate severity well after premium was fixed. The appendix therefore treats “immaterial contributor to earnings” as an operating objective, not proof that obligations have vanished. For 2046, the correct monitoring question is not revenue growth; it is whether retained reserves, recoverables, collateral, legal entities, and capital requirements are approaching finality without repeated adverse development.

6. Historical growth rates

The current taxonomy supports three annual observations only. “Historical window CAGR” below is the two-year compound rate from FY2023 to FY2025 across the three reported year-end points; it is not mislabeled as a three-year elapsed period. No line-of-business dollar row exists for Legacy.

Product / sub-segment	FY2023 revenue	FY2024 revenue	FY2025 revenue	Historical-window CAGR	Most recent YoY	Data-package cite
Legacy aggregate NPE	$2.094B	$2.194B	$2.137B	1.02%	-39.96% in 2Q26	June 3, 2026 Form 8-K recast for annual values; Everest 2Q26 supplement p. 15, released 2026-07-29, for latest YoY; reproduced in `data_package.md` §3 and §5
Line-of-business detail	Not separately disclosed	Not separately disclosed	Not separately disclosed	Not calculable	Not separately disclosed	June 3, 2026 recast and Everest 2Q26 supplement search; documented in `data_package.md` §4 Legacy note

Arithmetic tie-out: FY2023 NPE of $2.094B multiplied by 1.0478 equals $2.194B, matching FY2024 within rounding. FY2024 NPE of $2.194B multiplied by 0.9740 equals $2.137B, matching FY2025 within rounding. Both checks are within the mandatory 2% tolerance. TTM NPE independently ties to the quarterly rows: $0.539B + $0.521B + $0.399B + $0.323B = $1.782B.

The annual CAGR is economically misleading if viewed alone because the exit began late in the series. The most recent quarter shows the direction of travel more clearly. The model therefore compounds from TTM NPE, not from FY2025 and not from an invented product mix.

7. Management guidance

The reviewed data package contains four Legacy-specific forward anchors. They are quoted only from data-package §6, not re-fetched from transcripts.

- **Q3 FY2025 call dated 2025-10-28, James Williamson:** “position of significant excess capital” [`data_package.md` §6 Legacy, verified live transcript]. This supports a capital-release opportunity after the divestiture and reserve actions, but it does not provide timing, amount, or proof that reserve risk has transferred. The model therefore excludes capital release from Underwriting gain (loss).

- **Q4 FY2025 call dated 2026-02-05, Mark Kociancic:** “combined ratio above 110% in 2026” [`data_package.md` §6 Legacy, verified live transcript]. This is the most direct near-term underwriting anchor. The base case begins at a 114% combined ratio for the first forward year; bear is materially worse and bull remains above 100% initially.

- **Q1 FY2026 call dated 2026-04-30, James Williamson:** “capital release ... visible in the back half of 2026” [`data_package.md` §6 Legacy, verified live transcript]. The timing supports an expectation that legal-entity sales and runoff can free capital, but it does not justify recognizing all proceeds or released capital at the TTM date. Closing conditions and loss-portfolio-transfer structures remain important.

- **Q2 FY2026 call dated 2026-07-30, Elias Habayeb:** “become an immaterial contributor to earnings” [`data_package.md` §6 Legacy, verified live transcript]. This supports a very small 2031 NPE and Underwriting gain (loss) contribution in the base and bull cases. It does not support zero reserves or zero tail risk.

[DATA GAP: management has not disclosed a year-by-year Legacy NPE runoff schedule, a final runoff completion date, a common current-taxonomy product split, or a quantified annual capital-release schedule in the reviewed data package.]

8. Forward NPE and runoff assumptions

Base case

Product / sub-segment	Historical-window CAGR	Latest YoY	Management FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Legacy aggregate NPE	1.02% over FY2023-FY2025	-39.96% in 2Q26	Runoff; 2026 combined ratio above 110%; earnings contribution to become immaterial	-41.70%	Renewal-rights transfer, policy expiry, Canada sale, and Colombia closing drive a steep decline; finite Everest-paper renewals and retained obligations prevent an immediate zero.

The base path assumes NPE falls from $1,782 million TTM to $1,050 million, $600 million, $340 million, $200 million, and $120 million at the five successive June endpoints. The annual decay rates are negative 41.1%, negative 42.9%, negative 43.3%, negative 41.2%, and negative 40.0%. This is a deliberate runoff schedule, not a normalized growth forecast. It is consistent with the recent quarterly decline and with management’s target that the segment become immaterial, while allowing a residual pool of earned premium from retained and slow-expiring obligations.

Bull case

Product / sub-segment	Historical-window CAGR	Latest YoY	Management FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Legacy aggregate NPE	1.02% over FY2023-FY2025	-39.96% in 2Q26	Capital release visible in 2H26; earnings contribution to become immaterial	-55.82%	Sales close on time, AIG captures renewals efficiently, no material extension of Everest paper, and short-tail policies expire faster than the base case.

The bull path falls to $900 million, $400 million, $170 million, $75 million, and $30 million. Faster runoff is favorable only because it is paired with controlled losses, successful transfers, and lower absolute administration. If NPE disappeared this quickly while reserves developed adversely, the outcome would not be bullish.

Bear case

Product / sub-segment	Historical-window CAGR	Latest YoY	Management FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Legacy aggregate NPE	1.02% over FY2023-FY2025	-39.96% in 2Q26	No quantified completion date; 2026 combined ratio above 110%	-32.48%	Regulatory or operational delays, slower policy expiry, weak renewal conversion, and extended fronting or paper obligations leave more premium in Legacy for longer.

The bear path declines to $1,300 million, $900 million, $600 million, $390 million, and $250 million. Higher terminal NPE is adverse in this context because it indicates slower exit and a larger residual claims and expense footprint. The bear does not assume that extra runoff premium is profitable growth.

Explicit runoff paths

Case	TTM 2026-06-30 NPE	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30	Five-year CAGR
Bear	$1,782	$1,300	$900	$600	$390	$250	-32.48%
Base	$1,782	$1,050	$600	$340	$200	$120	-41.70%
Bull	$1,782	$900	$400	$170	$75	$30	-55.82%

Probability-weighted terminal NPE is $141 million: 30% of $250 million plus 50% of $120 million plus 20% of $30 million. This expected value is an arithmetic diagnostic, not a separate scenario.

The 30% bear, 50% base, and 20% bull weights are intentionally non-uniform. Base receives the highest weight because the observed 2Q26 NPE decline and management's dated runoff commentary support continued shrinkage. Bear remains a substantial 30% because FY2024-FY2025 reserve losses, the actuarial range, transaction dependencies, and sticky costs make a clean exit far from assured. Bull is limited to 20% because it requires timely legal-entity closings, rapid policy expiry, benign development, collectible ADC protection, and cost removal to work together.

9. Forward Underwriting gain (loss) margin assumptions

The exact profit metric is issuer-disclosed **Underwriting gain (loss)** in every table. The TTM margin is negative 39.7%, implying a 139.7% combined ratio. The data package does not provide a fully comparable TTM split among core losses, reserve development, commission, and other expense. Consequently, the component forecast starts prospectively at 2027-06-30. It is an analyst decomposition designed to make the loss and expense thesis explicit; it does not replace the sealed historical combined ratio. [DATA GAP: comparable TTM Legacy loss, commission, and other-expense component ratios are not separately reproduced in the data package.]

Bear ratio and Underwriting gain (loss) path

Period end	NPE	Core loss ratio	Reserve-development ratio	Commission ratio	Other expense ratio	Combined ratio	Incurred losses and LAE	Underwriting expenses	Underwriting gain (loss)
TTM 2026-06-30	$1,782	Not separately disclosed	Not separately disclosed	Not separately disclosed	Not separately disclosed	139.7%	Not separately disclosed	Not separately disclosed	$(707.0)
2027-06-30	$1,300	78.0%	22.0%	9.0%	20.0%	129.0%	$1,300.0	$377.0	$(377.0)
2028-06-30	$900	79.0%	25.0%	8.0%	24.0%	136.0%	$936.0	$288.0	$(324.0)
2029-06-30	$600	78.0%	28.0%	7.0%	28.0%	141.0%	$636.0	$210.0	$(246.0)
2030-06-30	$390	77.0%	30.0%	6.0%	31.0%	144.0%	$417.3	$144.3	$(171.6)
2031-06-30	$250	76.0%	32.0%	5.0%	34.0%	147.0%	$270.0	$97.5	$(117.5)

The bear assumes claims inflation and unfavorable emergence persist as the premium denominator shrinks. It also assumes ADC relief is incomplete because some exposures are excluded, Legacy shares protection with another segment, and co-participation and limits remain. The core loss ratio stays in the high 70s; reserve development rises from 22 to 32 points. Other underwriting expense dollars fall, but the ratio rises because systems, legal, actuarial, and entity costs are sticky. The 2031 margin is negative 47.0%, a 730-basis-point deterioration from the TTM negative margin. This outcome is economically plausible even with much lower premium because the risk is reserve stock, not only current writings.

Base ratio and Underwriting gain (loss) path

Period end	NPE	Core loss ratio	Reserve-development ratio	Commission ratio	Other expense ratio	Combined ratio	Incurred losses and LAE	Underwriting expenses	Underwriting gain (loss)
TTM 2026-06-30	$1,782	Not separately disclosed	Not separately disclosed	Not separately disclosed	Not separately disclosed	139.7%	Not separately disclosed	Not separately disclosed	$(707.0)
2027-06-30	$1,050	76.0%	12.0%	8.0%	18.0%	114.0%	$924.0	$273.0	$(147.0)
2028-06-30	$600	74.0%	10.0%	7.0%	19.0%	110.0%	$504.0	$156.0	$(60.0)
2029-06-30	$340	72.0%	8.0%	6.0%	22.0%	108.0%	$272.0	$95.2	$(27.2)
2030-06-30	$200	70.0%	7.0%	5.0%	25.0%	107.0%	$154.0	$60.0	$(14.0)
2031-06-30	$120	68.0%	6.0%	4.0%	28.0%	106.0%	$88.8	$38.4	$(7.2)

The base begins at 114%, close to management's 2026 "above 110%" guide, and gradually improves to 106%. The mechanism is not pricing power. It is the removal of poorly performing blocks, expiration of current policies, lower acquisition cost, better claims focus, and partial ADC protection. Reserve-development points decline but never reach zero. Other underwriting expense ratio increases to 28% as fixed cost is spread over less NPE. The terminal loss is only $7.2 million, consistent with "immaterial contributor," but the segment remains slightly loss-making.

Bull ratio and Underwriting gain (loss) path

Period end	NPE	Core loss ratio	Reserve-development ratio	Commission ratio	Other expense ratio	Combined ratio	Incurred losses and LAE	Underwriting expenses	Underwriting gain (loss)
TTM 2026-06-30	$1,782	Not separately disclosed	Not separately disclosed	Not separately disclosed	Not separately disclosed	139.7%	Not separately disclosed	Not separately disclosed	$(707.0)
2027-06-30	$900	74.0%	5.0%	7.0%	16.0%	102.0%	$711.0	$207.0	$(18.0)
2028-06-30	$400	70.0%	3.0%	6.0%	18.0%	97.0%	$292.0	$96.0	$12.0
2029-06-30	$170	67.0%	2.0%	5.0%	21.0%	95.0%	$117.3	$44.2	$8.5
2030-06-30	$75	64.0%	1.0%	4.0%	27.0%	96.0%	$48.8	$23.2	$3.0
2031-06-30	$30	62.0%	1.0%	3.0%	37.0%	103.0%	$18.9	$12.0	$(0.9)

The bull assumes successful transfer execution, benign development, recoverability of ADC benefits, and disciplined cost reduction. It reaches modest underwriting gains during the middle runoff years, but returns to a 103% terminal combined ratio as tiny NPE can no longer absorb the residual administrative infrastructure. The terminal dollar loss is immaterial. This is more conservative than assuming perpetual favorable reserve releases and recognizes that a near-empty premium denominator makes ratios noisy.

Reserve-development sensitivity

A one-point change in the reserve-development ratio is only $1.2 million at base terminal NPE. That statistic is misleading because reserve reviews can generate a discrete dollar charge independent of current NPE. A 1% adverse re-estimate of the $7,985 million 2Q26 gross Legacy reserve stock would be about $80 million, over eleven times the modeled base terminal underwriting loss. A move from FY2025 carried Legacy reserves to the disclosed high actuarial range is about $793 million. Therefore, the ratio model should be accompanied by a dollar reserve shock in consolidated scenario work; it should never be interpreted as capping downside at a percentage of terminal premium.

Across the five annual forecast rows, the embedded adverse reserve-development dollars total approximately $876 million in bear, $234 million in base, and $61 million in bull. Bear therefore absorbs more cumulative adverse development than the $793 million gap between the summed FY2025 Legacy component carrying values and the disclosed actuarial high range; base absorbs about 2.9% of the 2Q26 gross reserve stock, and bull about 0.8%. This does not make the bear conservative under every legal-severity path—the disclosed high range is not a hard bound—but it demonstrates that the scenario differentiation is driven by a quantified reserve mechanism rather than a uniform margin haircut.

10. Segment rollup and retained-obligation schedule

Because no current-taxonomy Legacy product dollars are disclosed, the only defensible bottom-up line is the aggregate runoff pool. The rollup ties the component loss and expense assumptions above to the exact segment profit metric.

Case	2031-06-30 NPE	Loss and LAE ratio	Underwriting expense ratio	Combined ratio	Incurred losses and LAE	Underwriting expenses	Underwriting gain (loss)	Tie-out residual
Bear	$250.0	108.0%	39.0%	147.0%	$270.0	$97.5	$(117.5)	$0.0
Base	$120.0	74.0%	32.0%	106.0%	$88.8	$38.4	$(7.2)	$0.0

Case	2031-06-30 NPE	Loss and LAE ratio	Underwriting expense ratio	Combined ratio	Incurred losses and LAE	Underwriting expenses	Underwriting gain (loss)	Tie-out residual
Bull	$30.0	63.0%	40.0%	103.0%	$18.9	$12.0	$(0.9)	$0.0
Probability-weighted	$141.0	Not meaningful across cases	Not meaningful across cases	Not meaningful across cases	$129.18	$50.85	$(39.03)	$0.00

Each scenario satisfies `NPE - incurred losses and LAE - underwriting expenses = Underwriting gain (loss)`. The probability-weighted row uses the same 30% bear, 50% base, and 20% bull probabilities and weights dollars, not ratios. The combined ratio is deliberately not averaged across scenarios because the denominator differs.

The earnings runoff does not model reserve runoff one-for-one. The following schedule is a monitoring stress, not an accounting forecast and not an input to segment profit. It begins from the data-package 2Q26 gross Legacy reserve stock and illustrates how material obligations can persist after NPE becomes immaterial.

Case	2Q26 gross Legacy reserves	Assumed share remaining at 2031	Indicative 2031 gross reserves	Assumed share remaining at 2046	Indicative 2046 gross reserves	Interpretation
Bear	$7,985	55%	$4,392	20%	$1,597	Slow casualty/A&E settlement, adverse claims inflation, delayed commutations, and limited finality keep capital tied up.
Base	$7,985	40%	$3,194	8%	$639	Most short- and medium-tail claims settle by 2031, but long-tail and disputed recoverables persist through 2046.
Bull	$7,985	28%	$2,236	3%	$240	Legal-entity sales, clean claim closure, recoveries, and targeted transactions accelerate finality, but do not assume literal zero.

These percentages are deliberately labeled assumptions because the data package contains no official payout pattern or completion date. The purpose is to prevent a false equivalence between negligible 2031 NPE and negligible balance-sheet risk. No capital release is booked from this table. Actual release depends on paid claims, reserve confidence, regulatory capital, collateral, reinsurance recoverables, entity sales, taxes, and transaction costs.

The Canada structure illustrates why this matters. Everest disclosed that, at closing, Everest Canada would enter into a loss-portfolio transfer with an Everest affiliate covering specified pre-closing business. The buyer can own the operating company while Everest retains economic exposure through reinsurance. ([Everest 2Q26 Form 10-Q](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000032/eg-20260630.htm)) The same analytical discipline applies elsewhere: identify whether a transaction transfers renewal rights, shares, policies, reserves, claims handling, or only part of the adverse tail. “Sold” is not a sufficient accounting description.

11. Key risks and wildcards

Bear — adverse reserve development. This is the dominant risk. The FY2025 Legacy actuarial high range exceeded carried reserves by roughly $793 million, including A&E, and FY2024-FY2025 underwriting losses demonstrate that large adverse outcomes are not hypothetical. Social inflation, litigation funding, nuclear verdicts, expanding theories of liability, and medical severity can raise long-tail casualty ultimates. A charge should be considered against the reserve stock, not merely as a ratio of current NPE.

Bear — ADC basis and exhaustion. The ADC covers specified North American accident years 2024 and prior, but A&E and other liabilities are excluded, coverage is shared across Legacy and Global Wholesale & Specialty, and Everest retains co-participation. There is also timing and counterparty risk between recognizing gross adverse development and collecting ceded recoveries. The gross limit should not be subtracted mechanically from Legacy reserves or treated as a guarantee of earnings stability.

Bear — disposal execution. Canada and Colombia require approvals and closing conditions. Renewal-rights economics depend on successful migration to AIG. Transition arrangements can extend Everest-paper writings, staff costs, systems support, and claims obligations. The AIG agreement also contains purchase-price adjustment mechanics tied to renewal performance; poor conversion can reduce consideration. ([Everest 2Q26 Form

10-Q](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000032/eg-20260630.htm)) These effects may appear in corporate or other income rather than segment underwriting profit, but they still affect shareholder value.

Bear — expense diseconomies. The premium denominator may contract faster than staff, systems, leases, legal support, actuarial work, and regulated-entity costs. A rising expense ratio can coexist with declining expense dollars. Premature cost cuts can also weaken claims controls and reinsurance collection, creating larger downstream losses.

Bear and base — reinsurance recoverables. An ADC or loss-portfolio transfer changes the risk profile but creates a receivable and contract interpretation. Collection can be delayed, disputed, or subject to credit and collateral terms. Claims-handling authority also means Everest controls decisions that can affect recoverability. The model assumes partial protection but no perfect finality.

Bear and base — tail-class duration. A&E, casualty, workers' compensation, professional liability, discontinued programs, and assumed reinsurance can stay open well beyond the five-year earnings horizon. Claims may be reopened, aggregate limits litigated, or ceded recoverables disputed. This is the primary 2046 issue.

Base and bull — capital release. Successful legal-entity closings, lower reserves, and risk transfer can release material regulatory capital. That capital could support buybacks or core underwriting. The wildcard is timing: release may lag premium runoff and can be offset by reserve strengthening, transaction costs, or trapped capital. This appendix does not treat capital release as Underwriting gain (loss).

Bull — favorable claims closure. Clean settlement, favorable development, good recoveries, and operational simplification can make Legacy an immaterial earnings drag before 2031. The bull still assumes a small terminal loss because fixed claims infrastructure outlasts premium. A genuinely positive surprise would be successful finality transactions at less than carried economic cost.

All cases — reporting opacity after shrinkage. Management may eventually combine, rename, or stop separately reporting an immaterial segment. That can make trend monitoring harder just when reserve risk becomes less visible in earnings. Investors should continue tracking gross and net reserves, prior-year development, ADC remaining limits, recoverables, and claims expense even if Legacy NPE becomes de minimis.

Conclusion

Legacy is not an upside segment; it is an obligation-management problem with a potential capital-release benefit. The base case expects NPE to fall 41.7% annually from $1,782 million to $120 million over exactly five years and Underwriting gain (loss) to improve from negative $707 million to negative $7 million. The bull reaches only a negative $1 million terminal result because fixed costs remain. The bear produces a negative $118 million terminal result despite much lower NPE, driven by reserve development and expense diseconomies.

The probability-weighted terminal underwriting loss is $39 million. More importantly, the $7,985 million gross reserve stock is far larger than current or terminal premium. The 2031 earnings endpoint should therefore be interpreted alongside an explicit retained-obligation schedule. By 2046, renewal economics should have disappeared, but A&E, long-tail casualty, discontinued programs, recoverables, and legal entities may still consume capital and management attention. The critical evidence of success is clean reserve emergence and finality, not simply lower reported revenue.

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	$250M	Underwriting gain (loss)	-47.0%	$(117.5)M	30%
Base	$120M	Underwriting gain (loss)	-6.0%	$(7.2)M	50%
Bull	$30M	Underwriting gain (loss)	-3.0%	$(0.9)M	20%
Probability-weighted	$141M	Underwriting gain (loss)	Not meaningful across cases	$(39.0)M	100%

Source-control note

All Everest historical dollar figures, growth rates, margins, quarterly values, reserve data, and management quotations come solely from the sealed `data_package.md` and `statutory_bridge.json`. Live SEC and company materials were fetched only to confirm segment boundaries, transaction structure, retained obligations, ADC mechanics, and peer/runoff context; copies and hashes are archived in `raw\20260808T163323Z`. A live retrieval of the Canada investor-relations page returned HTTP 403 on the required identical retry. The model's Canada closing timing and retained-exposure discussion instead rely on the archived 2Q26 Form 10-Q and the reviewed data package; no model input depends on the 403 page.

Appendix S — Synthesis (Combined Earnings Model)

Everest Group, Ltd. — Synthesis and Combined Earnings Model

Prepared 2026-08-09. Monetary amounts are USD billions unless a table states USD millions or dollars per share. The forecast begins at the TTM ended 2026-06-30 and ends on 2031-06-30, exactly 5.0 calendar years later. “Revenue” requires special care for an insurer: segment revenue in this model is net premiums earned, or NPE; Everest total revenue additionally includes net investment income, net investment gains or losses, and other income or expense. The operating metric used throughout is the **contract pre-interest operating subtotal, derived and not issuer-reported**. It equals issuer-disclosed Underwriting gain (loss), plus the already-classified operating bridge lines, less corporate expenses. Interest appears only below that subtotal.

1. Anchors and immutable controls

- Today: 2026-08-09.
- Fiscal year end: December 31.
- Latest completed quarter: 2Q26 ended 2026-06-30.
- TTM anchor: 3Q25 + 4Q25 + 1Q26 + 2Q26, ending 2026-06-30.
- Latest completed fiscal year used only for the historical tie-out: FY2025 ended 2025-12-31.
- Horizon: 2031-06-30, exactly 5.0 calendar years after the TTM end. No forecast row compounds from FY2025 or for six years.
- Valuation price: USD 374.96 for one XNYS:EG common share, raw exchange close on 2026-08-07. The raw-source SHA-256 is d8fe7635d250de892c8c1afbeae060207f4bd2127001be48b46f9c912ba17371; the QFR-sealed quote-packet SHA-256 is 0dc2aafc6667f699ee9a0d6f4dd339f6c9765deb01ec3701405327b29a8e93bc. The packet remains actionable through 2026-08-11 04:00:00 SGT under the next-scheduled-session-close policy.
- Listing and unit: XNYS:EG, ISIN BMG3223R1088, Common Shares with $0.01 par value, one listed common share per financial common share. This is not a depositary receipt.
- Reporting currency and quote currency: USD and USD. The sealed FX factor is 1.000000 USD of quote currency per USD of reporting currency, dated 2026-08-07, with identity same-currency treatment.
- Split bridge: 38.8 million financial-statement diluted shares at 2026-06-30 multiplied by the no-intervening-split factor of 1.000000 equals 38.8 million quote-basis diluted financial shares. The split evidence SHA-256 is 92778a9b4fef6671395650bce57f8d177eebe982b5516b6d1ca3c2dea0f9735f.
- Listed-unit bridge: depositary ratio 1.000000 multiplied by share-class factor 1.000000 equals 1.000000 financial share per listed unit; 38.8 million quote-basis shares divided by 1.000000 equals 38.8 million listed-unit equivalents.
- Historical statutory bridge SHA-256: 307ca56bdbe5ea78ae0617e3547a5d6b4a29b88ac2155f9e0a16b7352320f883. The strict validator returned STATUTORY_BRIDGE_VALID; the quote validator returned QUOTE_PACKET_VALID; and gate_manifest.json contains STATUTORY BRIDGE VERIFIED — CLEARED FOR FORECASTING with the same hash.

The exact-byte hashes were recomputed before any modeling. The DR-cleared data package hash is 122c6691e723614c937c683beaaa4958ccf986ac35510c4e0070f5cc03eb7109. The reviewed segment hashes are 7c9bdc3ee0f74d8c2940e842d96d95358776b4ac263fc260bf3b2a7c9041960c for Reinsurance Treaty, 30f240fc58973500e76a5ca431db39e16ad50f2dedf8e2c44991a8dba38858e3 for Global Wholesale & Specialty, and af626ec81fd7c8d134e58516aa26a1c10bed68afced0b11aabe2d6bd022081e3 for Legacy. The Management YELLOW file hash is 484bd75a5c6093f148a2d46a13f901e43a210bdf5ab3f09ec9ad9708e21a7da8; the Moat FAIL and 2046 FAIL file hash is 61366de81885f6d223ee18cebe42c4a859ae18ae5f01497fd1fc395992c2b53d.

2. Segment-level forward assumptions

The three reviewed segment appendices all use Everest's issuer-disclosed **Underwriting gain (loss)** as the exact common profit metric. NPE is the segment revenue measure. The table reproduces, rather than re-derives, each reviewed terminal case.

Segment	Exact profit metric	TTM NPE	Bear 2031 NPE	Base 2031 NPE	Bull 2031 NPE	Bear gain margin	Base gain margin	Bull gain margin
Reinsurance Treaty	Underwriting gain (loss)	10.105	7.729	9.568	11.817	-4.51%	10.09%	18.33%
Global Wholesale & Specialty	Underwriting gain (loss)	2.895	2.709	3.496	4.037	-2.00%	5.00%	10.00%
Legacy	Underwriting gain (loss)	1.782	0.250	0.120	0.030	-47.00%	-6.00%	-3.00%

Sources are appendix_B_reinsurance_treaty.md Sections 8-10, appendix_B_global_wholesale_specialty.md Sections 8-10, and appendix_B_legacy.md Sections 8-10. The 1 million differences between some appendix TTM displays and the 14.781 billion consolidated endpoint are disclosed-million rounding, not an economic adjustment. The statutory bridge controls exact TTM underwriting profit.

The segment cases are compatible because all three reviewed appendices use the same 30% bear, 50% base, and 20% bull weights and the same 2031-06-30 horizon. No independent segment probabilities are multiplied together. Bear combines continued treaty softening and reserve pressure, weak GWS economics, and a slower, lossier Legacy runoff. Base combines a selective treaty book, gradual GWS repair, and Legacy becoming immaterial. Bull requires stronger treaty conditions, successful specialty scaling, and clean Legacy execution.

3. Combined NPE and total-revenue build

There are no corporate premium eliminations in the sealed historical bridge or reviewed data package. Therefore, reportable-segment NPE sums mechanically to consolidated forecast NPE. Everest total revenue is then calculated under the same statement convention that ties historical TTM revenue: NPE plus net investment income plus net investment gains or losses plus other income or expense. Corporate expense is an operating expense, not a revenue line.

Line	Bear	Base	Bull
Reinsurance Treaty NPE	7.729	9.568	11.817
Global Wholesale & Specialty NPE	2.709	3.496	4.037
Legacy NPE	0.250	0.120	0.030
Sum of segment NPE	10.688	13.184	15.884
Corporate premium eliminations	0.000	0.000	0.000
Combined 2031 NPE	10.688	13.184	15.884
Net investment income	1.900	2.240	2.600
Net gains or losses on investments	-0.250	0.000	0.150
Other income or expense	-0.075	0.000	0.025
Total revenue under Everest statement convention	12.263	15.424	18.659
TTM-to-2031 NPE CAGR over exactly 5.0 years	-6.28%	-2.26%	1.45%
TTM-to-2031 total-revenue CAGR over exactly 5.0 years	-6.07%	-1.66%	2.16%

The NPE CAGRs compound from the 14.781 billion sealed consolidated TTM endpoint. Total-revenue CAGRs compound from 16.772 billion, which historically equals 14.781 billion NPE plus 2.192 billion net investment income, less 0.148 billion investment losses, less 0.053 billion other expense. This distinction prevents the common insurer error of treating premiums alone as consolidated GAAP revenue.

The investment-income assumptions implement the data-package Section 3a driver rather than extending segment underwriting margins into float income. Bear uses approximately 42.2 billion of average invested assets at a 4.5% portfolio return, producing 1.900 billion. Base uses approximately 47.7 billion at 4.7%, producing 2.240 billion. Bull uses approximately 52.0 billion at 5.0%, producing 2.600 billion. These paths begin from 44.863 billion of investments and cash at 2Q26, a 4.5% fixed-maturity book yield, and a 4.7% H1 2026 annualized return on invested assets in data_package.md Sections 0a and 8.

They are scenario assumptions, not issuer guidance.

Net investment gains remain separate and volatile: negative 250 million in bear, zero through-cycle in base, and positive 150 million in bull. Other income or expense moves from the negative 53 million TTM anchor to negative 75 million in bear, zero in base, and positive 25 million in bull. The base does not require gains or other income to meet the P/E gate.

4. Combined underwriting and pre-interest operating build

The operating build begins with the mechanical sum of segment Underwriting gain (loss). It then adds only lines already classified as operating by the sealed statutory bridge. The exact operating endpoint is the **contract pre-interest operating subtotal, derived and not issuer-reported**. “Operating margin” below means that subtotal divided by Everest total revenue, not underwriting gain divided by NPE.

Line	Bear	Base	Bull
Reinsurance Treaty Underwriting gain (loss)	-0.3490	0.9650	2.1660
Global Wholesale & Specialty Underwriting gain (loss)	-0.0540	0.1750	0.4040
Legacy Underwriting gain (loss)	-0.1175	-0.0072	-0.0009
Sum of segment Underwriting gain (loss)	-0.5205	1.1328	2.5691
Corporate or unallocated segment-profit adjustment	0.0000	0.0000	0.0000
Consolidated Underwriting gain (loss)	-0.5205	1.1328	2.5691
Net investment income	1.9000	2.2400	2.6000
Net gains or losses on investments	-0.2500	0.0000	0.1500
Corporate expenses	-0.1700	-0.1500	-0.1400
Other income or expense	-0.0750	0.0000	0.0250
Operating bridge residual	0.0000	0.0000	0.0000
Contract pre-interest operating subtotal	0.8845	3.2228	5.2041
Pre-interest subtotal margin on total revenue	7.21%	20.89%	27.89%

Corporate expense is projected independently from the negative 128 million TTM run rate. Bear reaches 170 million, approximately a 5.8% annual increase, because runoff and reserve work keep legal, actuarial, claims, and systems costs elevated. Base reaches 150 million, approximately 3.2% annual growth. Bull reaches 140 million, approximately 1.8% annual growth, reflecting better operating leverage but not a nominal expense decline. These are the Section 3a wage, inflation, and operating-leverage rules.

No residual is forecast. The historical negative 1 million TTM residual is solely a disclosed-million rounding reconciliation within the statutory packet. Setting the forecast residual to zero follows the reviewed ledger and does not create a plug. The sum is transparent in every case: bear is negative 0.5205 + 1.9000 - 0.2500 - 0.1700 - 0.0750 = 0.8845 billion; base is 1.1328 + 2.2400 - 0.1500 = 3.2228 billion; bull is 2.5691 + 2.6000 + 0.1500 - 0.1400 + 0.0250 = 5.2041 billion.

5. Pretax income, net income, and listed-unit EPS

Interest is the sole below-line bridge item. It is not included in total revenue or allocated to a segment. The TTM expense is 146 million. Bear increases it to 190 million for higher funding costs, base holds it near the current schedule at 150 million, and bull reduces it to 120 million through modest deleveraging. Tax rates of 17.0%, 16.0%, and 15.5% bracket the FY2025 effective rate of 15.69% and the TTM rate of 14.71%, without relying on a tax benefit.

Line	Bear	Base	Bull
Contract pre-interest operating subtotal	0.8845	3.2228	5.2041
Interest, fee and bond-cost amortization expense	-0.1900	-0.1500	-0.1200
Other below-line income	0.0000	0.0000	0.0000
Pretax income	0.6945	3.0728	5.0841

Line	Bear	Base	Bull
Tax rate assumed	17.00%	16.00%	15.50%
Income tax expense	-0.1181	-0.4916	-0.7880
Net income	0.5764	2.5812	4.2961
Quote-basis diluted financial shares at 2031, millions	34.7690	30.5629	29.3455
EPS in USD per quote-basis financial share	16.58	84.45	146.40
Financial shares per listed unit	1.000000	1.000000	1.000000
EPS in USD per listed unit before FX	16.58	84.45	146.40
FX, quote USD per reporting USD	1.000000	1.000000	1.000000
EPS in USD per listed common share	16.58	84.45	146.40

The mandatory unit formula is applied without shortcut: reporting-currency net income divided by quote-basis diluted financial shares equals reporting-currency EPS per financial share; that EPS multiplied by 1.000000 financial share per listed unit and 1.000000 USD per USD equals USD EPS per listed unit. For base, 2.581152 billion divided by 30.562902 million shares is USD 84.453760 per financial share and per listed common share. Bear is 0.576435 billion divided by 34.769040 million, or USD 16.578974. Bull is 4.2960645 billion divided by 29.345465 million, or USD 146.396199.

5a. Return-method input bridge

This section supplies inputs; the later compounder-score stage selects the primary shareholder-return method. An EV-to-NOPAT method cannot control without a source-bound terminal capital-structure bridge. The absence is recorded, not filled with a residual net-debt assumption.

Input	Bear	Base	Bull	Source or status
Contract pre-interest operating subtotal	0.8845	3.2228	5.2041	Section 4 mechanical build
Normalized cash tax rate	17.00%	16.00%	15.50%	Scenario normalization around FY2025 and TTM rates
Normalized NOPAT on subtotal	0.7341	2.7072	4.3975	Subtotal multiplied by one minus tax rate
Terminal cash	Unavailable	Unavailable	Unavailable	2Q26 starting cash is 1.117; no reviewed terminal path
Terminal gross debt including FHLB	Unavailable	Unavailable	Unavailable	2Q26 starting debt is 3.589; no reviewed terminal path
Terminal lease liabilities	Unavailable	Unavailable	Unavailable	Not separately disclosed on reviewed balance-sheet face
Terminal preferred equity	Unavailable	Unavailable	Unavailable	No separate reviewed terminal path
Terminal minority interest	Unavailable	Unavailable	Unavailable	No separate reviewed terminal path
Terminal other senior claims	Unavailable	Unavailable	Unavailable	Insurance reserves are operating obligations, not an EV plug
Separately valued non-operating assets	Unavailable	Unavailable	Unavailable	Invested assets support insurance obligations and are not excess cash
Diluted listed-equivalent shares, millions	34.7690	30.5629	29.3455	Section 6 and sealed 1:1 unit bridge

The reviewed data package warns that subtracting the entire investment portfolio as excess cash would be economically wrong. Gross loss and LAE reserves were 34.735 billion at 2Q26 and are core operating obligations. Because terminal cash, debt, and other claims lack approved scenario paths, the full EV-to-equity bridge is unavailable. That prevents EV/NOPAT from controlling but does not impair the reconciled EPS and P/E method available to the next stage.

6. Share-count path

The starting point is the packet's 38.8 million quote-basis diluted financial shares, not the 40.26 million TTM weighted average and not a depositary-unit proxy. The base annual buyback of 800 million matches FY2025's 797 million pace and is below the 1.122 billion TTM cash pace. Bear slows repurchases to protect capital; bull sustains 1.0 billion with stronger earnings. Average execution prices are scenario assumptions for retirement arithmetic, not exit valuation multiples.

SBC issuance is held at 0.200 million shares annually. This approximates 75 million of TTM SBC divided by the USD 374.96 packet price. As a historical reasonableness check, 1.122 billion of TTM buybacks divided by USD 374.96 implies 2.992 million shares retired; adding 0.200 million of SBC yields a net reduction of 2.792 million, taking FY2025's 41.6 million average to 38.808 million, effectively the reported 2Q26 38.8 million diluted count. It is an approximation, not a claim about actual transaction prices.

Case and year end	Starting shares, M	Buyback, USD B	Average price, USD	Shares retired, M	SBC issuance, M	Ending shares, M
Bear 2027-06-30	38.8000	0.300	337.46	0.8890	0.2000	38.1110
Bear 2028-06-30	38.1110	0.300	330.00	0.9091	0.2000	37.4019
Bear 2029-06-30	37.4019	0.350	330.00	1.0606	0.2000	36.5413
Bear 2030-06-30	36.5413	0.350	340.00	1.0294	0.2000	35.7119
Bear 2031-06-30	35.7119	0.400	350.00	1.1429	0.2000	34.7690
Base 2027-06-30	38.8000	0.800	393.71	2.0320	0.2000	36.9680
Base 2028-06-30	36.9680	0.800	413.40	1.9352	0.2000	35.2329
Base 2029-06-30	35.2329	0.800	434.07	1.8430	0.2000	33.5899
Base 2030-06-30	33.5899	0.800	455.77	1.7553	0.2000	32.0346
Base 2031-06-30	32.0346	0.800	478.56	1.6717	0.2000	30.5629
Bull 2027-06-30	38.8000	1.000	412.46	2.4245	0.2000	36.5755
Bull 2028-06-30	36.5755	1.000	445.46	2.2449	0.2000	34.5307
Bull 2029-06-30	34.5307	1.000	481.10	2.0786	0.2000	32.6521
Bull 2030-06-30	32.6521	1.000	519.59	1.9246	0.2000	30.9275
Bull 2031-06-30	30.9275	1.000	561.16	1.7820	0.2000	29.3455

The five-year identities pass. Bear: 38.8000 + 1.0000 SBC - 5.0310 retired = 34.7690. Base: 38.8000 + 1.0000 - 9.2371 = 30.5629. Bull: 38.8000 + 1.0000 - 10.4545 = 29.3455. Repurchases enhance per-share outcomes but are not required to make base earnings positive; with the initial 38.8 million shares held constant, base EPS would still be USD 66.52 and the P/E 15 gate would still pass.

7. Binary P/E 15 test

Required horizon EPS is the exact packet price divided by 15: USD 374.96 divided by 15 equals **USD 24.997333 per listed common share**. The gate is separate from any eventual exit multiple selected for shareholder-return underwriting.

Case	2031 EPS, USD per listed share	EPS times 15	Packet price	Cushion	Pass?
Bear	16.58	248.68	374.96	-33.68%	FAIL
Base	84.45	1,266.81	374.96	237.85%	PASS
Bull	146.40	2,195.94	374.96	485.65%	PASS

The confident base case controls. It passes by 237.85%. The bear case fails, demonstrating that the price test is not immune to an underwriting and reserve shock. The bull case does not rescue or determine the verdict. The large base cushion is partly a consequence of already-low entry valuation: TTM common EPS is approximately USD 46.95, itself well above the required USD 25.00, although the base model still requires material improvement in GWS and maintenance of profitable treaty underwriting.

8. Historical reflexivity and anchor reconciliation

The historical check uses no forecast assumption. TTM segment NPE is 10.105 + 2.894 + 1.781 = 14.780 billion versus the consolidated 14.781 billion endpoint, a negative 1 million or negative 0.0068% rounding difference. TTM Underwriting gain is 1.209 + 0.025 - 0.707 = 0.527 billion exactly. Adding 2.192 net investment income, negative 0.148 investment losses, negative 0.128 corporate expenses, negative 0.053 other expense, and the sealed negative 0.001 rounding residual produces

the 2.389 billion contract pre-interest subtotal.

FY2025 also ties exactly. Segment Underwriting gain is 0.902 + 0.035 - 0.726 = 0.211 billion. Adding 2.124 net investment income, negative 0.143 investment losses, negative 0.109 corporate expenses, and negative 0.045 other expense produces 2.038 billion. Interest of 0.151 billion bridges to 1.887 billion pretax, and tax of 0.296 billion bridges to 1.591 billion net income.

TTM total revenue independently ties: 14.781 NPE + 2.192 net investment income - 0.148 investment losses - 0.053 other expense = 16.772 billion. The forecast uses this same classification and does not place corporate expenses in revenue or interest above the pre-interest subtotal.

9. Latest-interim bridge reconciliation

The consolidated TTM income statement uses four non-overlapping standalone quarters: 3Q25, 4Q25, 1Q26, and 2Q26. Revenue is 4.319 + 4.424 + 4.068 + 3.961 = 16.772 billion; pretax income is 0.269 + 0.555 + 0.736 + 0.683 = 2.243 billion; net income is 0.255 + 0.446 + 0.653 + 0.559 = 1.913 billion. These quarters cover 2025-07-01 through 2026-06-30 once, with no overlap.

Segment TTM uses the permitted cumulative bridge because the official recast supplies comparable half-year segment detail. The exact formula is FY2025 less H1 2025 plus H1 2026. NPE is 15.560 - 7.843 + 7.064 = 14.781 billion. Treaty NPE is 10.496 - 5.306 + 4.915 = 10.105; GWS is 2.927 - 1.460 + 1.427 = 2.894; Legacy is 2.137 - 1.078 + 0.722 = 1.781. Treaty profit is 0.902 - 0.291 + 0.598 = 1.209; GWS is 0.035 - 0.067 + 0.057 = 0.025; Legacy is negative 0.726 less negative 0.077 plus negative 0.058 = negative 0.707. H1 2025 and H1 2026 cover identical January 1 through June 30 periods, so the bridge is like-for-like and contains no cumulative overlap.

10. Sensitivity

The sensitivity holds all unlisted variables at base. Treaty revenue CAGR changes preserve its terminal 10.09% Underwriting gain margin; GWS margin changes preserve 3.496 billion terminal NPE. Share count changes apply to the 30.5629 million base terminal count. Tax-rate changes apply to 3.0728 billion base pretax income.

Variable changed	Down case	Base EPS	Up case	EPS impact versus base
Treaty NPE CAGR minus or plus 200 bps	81.88	84.45	87.25	-2.58 to +2.79
GWS Underwriting gain margin minus or plus 200 bps	82.53	84.45	86.38	-1.92 to +1.92
Terminal diluted shares minus or plus 5%	88.90	84.45	80.43	+4.44 to -4.02
Tax rate minus or plus 300 bps	87.47	84.45	81.44	+3.02 to -3.02

Within this mandated grid, share count has the largest EPS effect, followed by tax and Treaty growth. Economically, however, the most important univariate risk is not a small CAGR change but Treaty underwriting margin and reserve development: the reviewed Treaty appendix spans a 104.5% bear combined ratio to an 81.7% bull ratio. GWS's 200-basis-point margin sensitivity is smaller because it is only 3.496 billion of base NPE. The P/E gate remains comfortably positive across each single-variable sensitivity, but the fully coherent bear case fails because adverse revenue, underwriting, investments, funding, tax, and share repurchases occur together.

11. Combined earnings summary

The scenario weights are 30% bear, 50% base, and 20% bull. They match all reviewed segment appendices and are deliberately left-skewed because catastrophe and reserve outcomes create asymmetric downside, Management is YELLOW, and the Moat and 2046 gates are FAIL. The probability-weighted row is an arithmetic expectation, not a fourth scenario and not a substitute for the base-case P/E gate.

Case	Total revenue	NPE	Underwriting gain (loss)	Pre-interest subtotal	Subtotal margin	Pretax income	Net income	EPS, USD per listed share	Probability	EPS times 15	Versus USD 374.96
Bear	12.263	10.688	-0.5205	0.8845	7.21%	0.6945	0.5764	16.58	30%	248.68	-33.68%
Base	15.424	13.184	1.1328	3.2228	20.89%	3.0728	2.5812	84.45	50%	1,266.81	237.85%
Bull	18.659	15.884	2.5691	5.2041	27.89%	5.0841	4.2961	146.40	20%	2,195.94	485.65%

Case	Total revenue	NPE	Underwriting gain (loss)	Pre-interest subtotal	Subtotal margin	Pretax income	Net income	EPS, USD per listed share	Probability	EPS times 15	Versus USD 374.96
Probability-weighted expectation	15.123	12.975	0.9241	2.9176	19.29%	2.7616	2.3227	76.48	100%	1,147.20	205.95%

Probability-weighted EPS is 30% times 16.578974 + 50% times 84.453760 + 20% times 146.396199 = USD 76.479812. The probability-weighted total-revenue, NPE, profit, pretax, and net-income cells separately weight the corresponding scenario dollars. They should not be combined into a synthetic share count or interpreted as a fully internally coupled operating case.

12. Tie-out checks

1. Reported-financial and statutory-bridge tie-out — PASS

TTM segment NPE is 14.780 billion versus 14.781 billion consolidated, a negative 0.0068% difference and well within 2%. TTM segment Underwriting gain sums to 0.527 billion. The exact sealed bridge is 0.527 + 2.192 - 0.148 - 0.128 - 0.053 - 0.001 = 2.389 billion. FY2025 segment profit is 0.902 + 0.035 - 0.726 = 0.211; the bridge is 0.211 + 2.124 - 0.143 - 0.109 - 0.045 = 2.038 billion. Sources: statutory_bridge.json periods table and data_package.md Sections 2, 3, and 3a.

2. Net income, shares, listed unit, and FX equal EPS — PASS

Bear: 576.435 million divided by 34.769040 million equals USD 16.578974, multiplied by 1.000000 shares per listed unit and 1.000000 FX equals USD 16.578974. Base: 2,581.152 divided by 30.562902 equals USD 84.453760, then multiplied by both identity factors equals USD 84.453760. Bull: 4,296.0645 divided by 29.345465 equals USD 146.396199, then multiplied by both factors equals USD 146.396199. Sources: Sections 5 and 6 and quote_packet.json unit bridge.

3. Segment sum at horizon — PASS

Bear NPE is 7.729 + 2.709 + 0.250 = 10.688, exactly 100.00% of combined NPE. Base is 9.568 + 3.496 + 0.120 = 13.184, exactly 100.00%. Bull is 11.817 + 4.037 + 0.030 = 15.884, exactly 100.00%. Corporate eliminations are zero because none exists in the sealed bridge. Sources: Section 3 and all three appendix Section 10 tables.

4. Product-to-segment rollup — PASS

Treaty's Section 10.2 reports product NPE sums of 7.729, 9.568, and 11.817 billion with 0.00% segment difference. GWS Section 10 reports 2.709, 3.496, and 4.037 billion; unrounded product sums differ by less than 0.04%. Legacy is an approved aggregate runoff pool because current-taxonomy product dollars are not disclosed; its single modeled aggregate equals 0.250, 0.120, and 0.030 billion, or 100% of segment NPE. Sources: appendix_B_reinsurance_treaty.md Section 10.2, appendix_B_global_wholesale_specialty.md Section 10, and appendix_B_legacy.md Section 10.

5. Weighted-margin check — PASS

Treaty's product profit rollup yields negative 0.349 divided by 7.729 = negative 4.51%, 0.965 divided by 9.568 = 10.09%, and 2.166 divided by 11.817 = 18.33%, matching the segment margins. GWS deliberately applies one segment-level combined ratio after product NPE is summed because product profit is not disclosed; therefore the revenue-weighted common margin is identically negative 2.00%, 5.00%, and 10.00%, with no invented product differentiation. Legacy is a single aggregate pool, and negative 0.1175 divided by 0.250 = negative 47.00%, negative 0.0072 divided by 0.120 = negative 6.00%, and negative 0.0009 divided by 0.030 = negative 3.00%. Sources: all segment appendices Sections 9-10.

6. Share-count and security-unit path — PASS

Starting financial shares 38.8 million multiplied by the split factor 1.000000 equals 38.8 million quote-basis financial shares; dividing by the 1.000000 depositary and class product equals 38.8 million listed units. Five-year share arithmetic gives 34.7690 million bear, 30.5629 million base, and 29.3455 million bull. Each equals starting shares plus 1.0000 million cumulative SBC less explicitly calculated retirements. Sources: quote_packet.json and Section 6.

7. Growth plausibility — PASS

Treaty base NPE CAGR is negative 1.09%, below 1.2 times its disclosed FY2023-FY2025 10.1% historical rate, or 12.12%. GWS base CAGR is 3.84%, below 1.2 times its 4.40% disclosed rate, or 5.28%. Legacy's negative 41.70% is a finite runoff schedule supported by the 39.96% latest quarterly decline and management's "immaterial contributor" direction; it is not an

unsupported growth excess. Product assumptions with unavailable history are bounded by recent YoY and explained line by line. Sources: each segment appendix Sections 6 and 8.

8. Five-year compounding arithmetic — PASS

Every product row was recalculated for exactly five years using the appendix's unrounded H1 mix allocation where displayed starting values would distort tiny rows. Maximum absolute terminal variance is 0.22% for Treaty and 0.62% for GWS, below 1%; Legacy's exact runoff CAGRs reproduce its terminal dollars.

Segment	Case	Recalculated terminal NPE	Reviewed terminal NPE	Maximum product-row variance
Treaty	Bear	7.730	7.729	0.15%
Treaty	Base	9.570	9.568	0.15%
Treaty	Bull	11.818	11.817	0.22%
GWS	Bear	2.709	2.709	0.51%
GWS	Base	3.496	3.496	0.62%
GWS	Bull	4.037	4.037	0.43%
Legacy	Bear	1.782 times 0.6751596 to the fifth power = 0.250	0.250	0.00%
Legacy	Base	1.782 times 0.5829814 to the fifth power = 0.120	0.120	0.00%
Legacy	Bull	1.782 times 0.4418173 to the fifth power = 0.030	0.030	0.00%

For additional spot checks, Treaty Property Pro Rata base is 4.18435 times 1.014 to the fifth power = 4.48557 versus 4.485; Treaty Casualty XOL bear is 0.62372 times 0.903 to the fifth power = 0.37448 versus 0.374; GWS Property or Short Tail bull is 0.96720 times 1.06 to the fifth power = 1.29434 versus 1.294; and GWS Workers' Compensation base is 0.06944 times 0.97 to the fifth power = 0.05963 versus 0.060. Sources: all segment appendix Sections 8 and 10.

9. Recency anchor — PASS

The base first-forward-year NPE is Treaty 9.533 + GWS 3.004 + Legacy 1.050 = 13.587 billion. Against the most recent 14.781 billion TTM run rate, the change is negative 1.194 billion or negative 8.08%, within the 10% tolerance. This decline is also directionally consistent with 2Q26 NPE changes of negative 9.80% Treaty, negative 2.61% GWS, and negative 39.96% Legacy. Sources: each appendix's explicit five-year path and data_package.md Section 5.

10. Period and horizon integrity — PASS

The consolidated TTM uses four non-overlapping quarters. The segment cumulative bridge uses FY2025 less H1 2025 plus H1 2026 with identical January 1 through June 30 coverage. All terminal growth rates run from 2026-06-30 to 2031-06-30, exactly 5.0 years. No calculation substitutes FY2025 for TTM or compounds six fiscal years. Sources: quant_foundation.md P4, data_package.md opening anchor and Section 3a, and each segment appendix Section 8.

11. Valuation, unit bridge, hashes, and probability arithmetic — PASS

The exact quote packet and statutory bridge hashes recompute to 0dc2aafc6667f699ee9a0d6f4dd339f6c9765deb01ec3701405327b29a8e93bc and 307ca56bdbe5ea78ae0617e3547a5d6b4a29b88ac2155f9e0a16b7352320f883. Listing XNYS:EG, one common share, USD price, 1.000000 split, 1.000000 unit factor, and 1.000000 FX all reproduce the packet. Bear, base, and bull EPS times 15 equal USD 248.6846, USD 1,266.8064, and USD 2,195.9430. Their cushions against USD 374.96 are negative 33.6770%, positive 237.8511%, and positive 485.6473%. Probabilities sum to 30% + 50% + 20% = 100%, and weighted EPS is USD 76.479812. The base case controls the binary P/E 15 result. Sources: Sections 1, 5, 7, and 11, quote_packet.json, statutory_bridge.json, and gate_manifest.json.

Conclusion

The synthesis is arithmetically cleared. Base 2031 total revenue is USD 15.424 billion, comprising USD 13.184 billion of NPE, USD 2.240 billion of net investment income, and no assumed net investment gain or other income. Base Underwriting gain is USD 1.1328 billion; after corporate expense and investment income, the contract pre-interest operating subtotal is USD

3.2228 billion. Interest produces USD 3.0728 billion pretax income, the 16.0% tax rate produces USD 2.5812 billion net income, and 30.5629 million diluted common shares produce USD 84.45 EPS.

The required EPS at the exact USD 374.96 listed-share price is USD 24.9973. Base passes with a 237.85% cushion; bear fails with negative 33.68%; bull passes with 485.65%. The P/E result does not override the Management YELLOW or Moat FAIL and 2046 FAIL gates, and it is not an exit-return assumption. The model's vulnerability is economic rather than arithmetic: Treaty margin durability, reserve behavior, and GWS repair determine whether the very large modeled earnings cushion is actually realized.

SYNTHESIS CLEARED — 11/11 TIE-OUTS PASSED

Appendix CS — Compounder Score

Everest Group, Ltd. — Compounder Score

Prepared 2026-08-09. Currency is USD unless stated otherwise. The price anchor is $374.96 for one XNYS:EG common share at the 2026-08-07 close. The TTM period ends 2026-06-30 and the horizon is 2031-06-30, exactly 5.0 years. The share, split, class, depositary, and currency bridge is 1:1 throughout. This is security research, not trade authority. `trade_execution_authorized=false`.

1. Executive Verdict

Compounder Score: 49/100. Business Quality Score: 41/80. 20% Return Underwriting/Stretch Score: 8/20. Score-implied classification: Reject.

The evidence supports a valuable, adequately capitalized P&C underwriting franchise led by Reinsurance Treaty, a low current valuation, strong recent cash generation, improving disclosure, and increasingly price-sensitive repurchases. It does not support the Gideon dream-company standard. Five-year median insurer-adjusted ROIC is only 9.97%, a credible five-year ROIIC calculation is unavailable, group underwriting has been volatile, material reserve deterioration occurred in 2024 and 2025, Global Wholesale & Specialty has not yet established attractive economics, and the independently reviewed moat and 2046 gates are FAIL. Management is YELLOW because decisive portfolio repair and buybacks have not yet been tested through a reserve cycle.

The score is not rescued by the low P/E. The frozen primary method is P/E because statutory diluted EPS is reconciled while no source-bound terminal cash, debt, lease, or senior-claim path exists for a complete EV/NOPAT bridge. At a base exit P/E of 7.5x, deliberately below the current 7.9872x and well below the ten-year historical median, base gross USD IRR is 12.59%, not 20%. The 30% bear, 50% base, and 20% bull probability-weighted terminal wealth produces an 11.77% gross USD IRR. The bear loses 18.54% annually. A 20% base return requires paying no more than $272.64 or achieving $118.40 of terminal EPS at the same 7.5x multiple and $45.00 of cumulative dividends. The modeled base EPS of $84.45 does not meet that reverse hurdle.

The separate CIO diagnostic is **PASS**, not because the base return is below the 10% mandate floor—it is not—but because Moat is a hard FAIL and the bear outcome is incompatible with the 8% intervention and 12% hard-review drawdown framework. Portfolio fit is unavailable and sizing is null. No trade is authorized.

2. Data Source Map

All sealed artifacts were recomputed before scoring. The quote, statutory, data-package, three reviewed segment, management, moat, and synthesis SHA-256 values match the supplied seals exactly. The synthesis is cleared 11/11.

Evidence need	Controlling source	Period or retrieval	Use and limitation
Price and security unit	Sealed `quote_packet.json`	Close 2026-08-07	$374.96, XNYS:EG common share, USD, 1:1 unit and FX bridge
Statutory income and EPS	Sealed `statutory_bridge.json` and `quant_foundation.md`	TTM 2026-06-30	$1.890B common numerator, 40.26M weighted shares, $46.944858 TTM EPS
Income statement	SEC-controlled `data_package.md`	FY2021-FY2025 and TTM	Official figures override vendor classification differences
Balance sheet and insurer capital	Everest supplements and SEC filings in `data_package.md`	2Q26	$15.430B equity, $44.863B investments and cash, $34.735B gross reserves
Cash flow	SEC-controlled `quant_foundation.md`	FY2021-FY2025 and TTM	OCF used as analytical FCF because conventional capex is not separately reported
Shares, SBC, dividends, repurchases	Sealed packet, SEC filings, `data_package.md`	FY2021-TTM	38.8M point-in-time diluted shares; $75M TTM SBC; $324M dividends; $1.122B buybacks
Segment economics	Three reviewed segment appendices	FY2023-FY2025 and TTM	Exact common metric is Underwriting gain (loss), not operating income
Management and governance	`appendix_management.md`	Through 2026-08-09	YELLOW; current team lacks a completed reserve-cycle record

Evidence need	Controlling source	Period or retrieval	Use and limitation
Moat and competition	`appendix_moat.md`	Through 2026-08-09	Moat FAIL and 2046 FAIL; Treaty franchise does not establish group pricing power
Forecast and shares	`appendix_synthesis.md`	TTM to 2031-06-30	Bear, base, and bull EPS of $16.578974, $84.453760, and $146.396199
Current and historical valuation	Fresh FMP stable ratios pull, normalized in `raw/20260808T163323Z/cs_fmp_valuation_evidence_EG_20260809.json`	Retrieved 2026-08-09	Ten annual P/E observations; normalized evidence SHA-256 72bc1b53f042de244c4a81aa67db7167dab26c3b332d9ecb8b886a9fc4b2a8e1
Market opportunity	Segment appendices and Everest filings	Current cycle	Qualitative runway; no management TAM is used as a scoring shortcut

The live FMP ratios evidence reports annual P/E values of 9.0x, 11.4x, 5.9x, 21.8x, 7.9x, 18.3x, 11.2x, 85.7x, 18.9x, and 9.1x from FY2025 back to FY2016. The ten-year median is 11.29x; excluding the earnings-trough 2018 outlier, the median is 11.18x. The recent five-year median is 8.96x. Annual P/E is cycle-distorted for a catastrophe- and reserve-sensitive insurer, so these data define a range, not a mechanical fair value.

3. Key Financial and Quality Metrics

Ordinary industrial ROIC is not economically natural for an insurer because policyholder float and the investment portfolio are operating. The reviewed package therefore uses NOPAT on a derived pre-interest subtotal divided by average common equity plus issuer-defined debt excluding FHLB borrowings. ROE, combined ratio, reserve development, and book-value-per-share returns remain more informative than conventional invested-capital formulas.

Metric	1-year or latest	3-year	5-year evidence	10-year evidence	Interpretation
Total revenue growth	TTM -4.14% versus FY2025 annualized comparison not meaningful	FY2023-FY2025 9.52% CAGR	FY2021-FY2025 10.19% CAGR	Insufficient comparable verified series	Premium growth did not translate into stable underwriting profit
NOPAT growth	FY2025 13.77%	FY2022-FY2025 34.91% endpoint CAGR	FY2021-FY2025 4.49% CAGR	Insufficient	Endpoint growth is highly cycle-sensitive
Analytical FCF growth	TTM $2.000B versus FY2025 $3.068B	FY2022-FY2025 -6.03% CAGR	FY2021-FY2025 -5.41% CAGR	Insufficient	Cash remains positive but has declined from unusually strong years
Insurer-adjusted ROIC	FY2025 9.97%	FY2023-FY2025 median 9.97%	Five-year median 9.97%	Insufficient	Below the rubric's 10% scoring break by a small margin and far below dream-company returns
ROIIC	Not meaningful for one year	14.49% FY2022-FY2025 endpoint proxy	5.20% FY2021-FY2025 four-year proxy	Insufficient	Both are cycle-sensitive proxies; a true five-year ROIIC lacks six clean capital observations
Acquisition-inclusive ROIIC	Same as organic proxy	Same as organic proxy	Same as organic proxy	Insufficient	No material acquisition cash outflow in FY2021-FY2025
FCF conversion to NOPAT	TTM 83.72%	209.64% aggregate FY2023-FY2025	249.98% aggregate	Insufficient	OCF timing in insurance inflates comparability; not a free pass on economics
Combined ratio	TTM 96.4%	FY2023-FY2025 range 90.9%-102.3%	FY2021-FY2025 range 90.9%-102.3%	Insufficient	Volatility and reserve charges contradict moat-like persistence
Pre-interest subtotal margin	TTM 14.24%	FY2023-FY2025 range 9.50%-15.69%	Five-year median 11.65%	Insufficient	Investment income stabilizes earnings but is not a proprietary moat
Diluted share-count CAGR	2Q26 38.8M versus FY2025 41.6M	FY2023-FY2025 0.36% CAGR	FY2021-FY2025 1.43% CAGR	Insufficient	Recent buybacks reverse, but do not erase, earlier dilution
SBC to revenue	TTM 0.45%	Not separately normalized	Low throughout reviewed period	Insufficient	Modest economic dilution burden
SBC to analytical FCF	TTM 3.75%	Not separately normalized	Modest	Insufficient	Cash conversion remains after recognizing SBC
Leverage	FY2025 net debt to FMP EBITDA 1.10x	Not primary insurer metric	Debt-to-total-capital 14.3% at 2Q26	Insufficient	Capital appears adequate, but reserve risk is the relevant claim
Current P/E	7.9872x	Historical context only	Recent five-year median 8.96x	Ten-year median 11.29x	Cheap, but earnings are cyclical and moat is not proven

Metric	1-year or latest	3-year	5-year evidence	10-year evidence	Interpretation
Current P/B	0.9429x on 2Q26 equity	Historical context only	Not recalculated	FMP ten-year median 1.11x	Discount supports buybacks but can reflect reserve skepticism
Analytical FCF yield	13.75% on TTM OCF and current market cap	Not meaningful through cycle	Not used as primary valuation	Not used	High but volatile and not issuer-defined FCF
Dividend yield	2.15% on TTM common dividends	Stable cash-return role	FY2021-FY2025 cash dividends grew	Historical FMP range about 2.0%-2.7%	Helpful but not enough to rescue bear downside
Net buyback yield	Approximately 7.71% gross TTM repurchases less no cash issuance adjustment	Recent acceleration	Not sustained across five years	Insufficient	Share-count model already captures buybacks; no return-model double count

The insurer-adjusted capital framework is deliberately conservative. FMP's generic invested-capital fields can become negative because they treat operating float as financing and therefore generate nonsensical industrial ROIC. This score rejects that artifact rather than rewarding it. Even on the adapted framework, returns are not consistently high: 11.59%, 5.65%, 19.60%, 9.38%, and 9.97% from FY2021 through FY2025.

4. Rubric Scorecard

Category	Score	Maximum	Evidence-based judgment
Incremental Returns on Capital	8/25	25	Five-year median adapted ROIC is 9.97%; ROIIC evidence is low and cyclically unstable
Reinvestment Runway	10/20	20	Large global risk pool and capital-release opportunity, offset by softening pricing and weak group reinvestment proof
Durability of Moat	7/15	15	Treaty has access, ratings, and trust; group pricing power and 2046 excess returns fail
Accounting Honesty and Financial Quality	9/10	10	SEC bridge is clean, disclosure improved, SBC low, balance sheet sound; actuarial estimates remain material
Capital Allocation Discipline	7/10	10	No serial M&A, recent discounted buybacks, and portfolio simplification; the earlier retail build destroyed value
Price and 20% Return Underwriting	8/20	20	Base and weighted returns clear 10% but not 20%; bear is unacceptable and reverse hurdle is demanding
Compounder Score	49/100	100	Reject under the dream-compounder and 20% stretch rubric

The 8/25 incremental-return score comprises 1/5 for normalized ROIC, 0/8 for ROIIC, 1/3 for trend stability, 2/3 for unit economics, 2/3 for cash conversion, and 2/3 for avoiding an accounting artifact. The 10/20 runway score comprises 3/5 for market opportunity, 2/5 for reinvestment at scale, 2/4 for organic opportunity, 1/3 for repeatability, 2/2 for a durable risk-transfer market structure, and 0/1 for proof that growth avoids ROIC compression.

The 7/15 moat score comprises 2/4 for a clear advantage, 1/3 for pricing power, 1/3 for competitive evidence, 1/2 for stickiness, 1/2 for stress resilience, and 1/1 for low existential AI-disruption risk. AI is not likely to remove regulated risk capital or claims-paying promises, but it can diffuse analytics and strengthen brokers and competitors. The 9/10 financial-quality score reflects the sealed statutory reconciliation, cash generation, low SBC, strong investment credit quality, adequate capital, and no disclosed accounting or governance abuse, with one point withheld for unavoidable reserve-estimate uncertainty.

The 7/10 capital-allocation score awards rational current priorities, no acquisition habit, recent valuation-aware repurchases, acceptable incentives, and some owner orientation. It withholds credit because management reversed an expansion strategy after shareholders absorbed reserve and stranded-cost damage, and because the current team's record is too short. The 8/20 valuation score awards 2/6 for a 10%-15% base IRR, 3/4 for a base exit multiple modestly below current, 0/3 for the bear, 0/3 for the reverse-return hurdle, 2/2 because the current multiple does not price perfection, and 1/2 for supported dividends.

5. ROIIC and Reinvestment Analysis

The evidence does not support precise industrial ROIIC. Insurance reinvestment occurs through retained capital, incremental underwriting capacity, risk selection, data and personnel, and the investment assets backing claims. Conventional net capex is not separately reported; policyholder liabilities are operating obligations; and premium growth can consume or release capital depending on mix, ratings, cessions, and loss volatility. A denominator based on capex plus working capital would be false precision.

Two endpoint proxies illustrate the problem. From FY2022 to FY2025, adapted NOPAT rose from $0.700B to $1.718B while estimated year-end adjusted capital rose by roughly $7.0B, implying about 14.5% incremental return. From FY2021 to FY2025, NOPAT rose only $0.277B against roughly $5.3B of incremental adjusted capital, implying about 5.2%. The divergence is driven by catastrophe, reserve, investment, and tax cycles rather than a stable reinvestment engine. Neither earns rubric credit equivalent to a credible 15%-plus ROIIC record.

Cash conversion is real but must be interpreted carefully. Five-year aggregate analytical FCF is approximately 2.50 times adapted NOPAT, while TTM analytical FCF is 83.72% of NOPAT. Insurer OCF includes premium collections, claims payments, collateral, and reserve timing; it is not directly comparable with a manufacturer's FCF. The correct conclusion is that earnings are not chronically unsupported by cash, not that Everest possesses a 250% conversion moat.

The strongest incremental-capital opportunity is repurchasing shares below book and at a single-digit P/E while releasing capital from Legacy. That is finite financial engineering around a better-focused franchise, not a decades-long organic reinvestment runway. The synthesis explicitly models buybacks in terminal diluted shares. Consequently, this return model does not add a buyback yield to shareholder wealth. Doing so would count the same capital return twice.

6. Runway Analysis

The long-run market for catastrophe, casualty, specialty, and structured risk transfer is durable. Economic growth, asset accumulation, climate volatility, litigation, cyber exposure, and regulatory capital needs should sustain demand. Everest has the ratings, licenses, broker access, capital, and expertise to remain relevant. The Treaty franchise can shrink inadequately priced business and re-expand after market losses. GWS offers selected niche growth, and third-party capital can increase fee-like and capital-efficient capacity.

The problem is value capture. Reinsurance capacity is mobile, ILS and sidecars enter after attractive returns, brokers improve price transparency, and talented underwriting teams can move. Comparable Treaty premium declined in recent renewals as pricing softened. This may demonstrate discipline, but it is not a repeatable volume-growth playbook. GWS's FY2025 underwriting-gain margin was only 1.20%, so reinvesting there has not yet been proven to create excess returns. Legacy runoff releases capital only if reserves behave; it does not create a renewable customer franchise.

The base synthesis assumes consolidated NPE declines 2.26% annually to $13.184B while total revenue declines 1.66% annually to $15.424B. Base EPS still rises because Treaty underwriting remains profitable, GWS repairs, Legacy becomes immaterial, investment income holds, and diluted shares fall to 30.56M. This is a plausible per-share repair case, but it is not classic high-ROIIC organic compounding. The score therefore recognizes runway in risk transfer while capping proof of reinvestment at scale.

7. Moat Analysis

The moat can be explained in one paragraph: Everest combines rated balance-sheet capacity, global licenses, broker and cedent relationships, claims credibility, underwriting talent, accumulated data, and access to retrocession and third-party capital. Those attributes earn participation and preferred shares in complex placements. They do not lock in customers or determine the market-clearing price. Cedents syndicate risk, brokers redirect flow, competitors hire teams, catastrophe models diffuse, and new capital enters after profitable years. Treaty is a genuine but cyclical franchise; GWS is an unproven platform; Legacy has no positive moat.

The observed record supports the FAIL. Group combined ratio ranged from 90.9% to 102.3% in the reviewed five years. Treaty underwriting margin compressed from 13.90% in FY2023 to 8.59% in FY2025. GWS compressed from 6.70% to 1.20%. Legacy suffered severe losses and still held 23.0% of gross reserves at 2Q26. TTM investment income of $2.192B exceeded underwriting gain of $0.527B by more than four times, which shows the value of float but also the limited recent underwriting contribution.

The 2046 FAIL is not a prediction that Everest disappears. The company is likely to remain a useful rated risk carrier. The failure is inability to underwrite sustained excess returns across twenty years of cycles, claims inflation, model diffusion, capital inflows, talent mobility, and reserve uncertainty. A full cycle of sub-100 combined ratios without material strengthening,

stable Treaty margins through a soft market, profitable GWS scaling, and clean Legacy runoff could improve the evidence. Today those conditions are aspirations, not results.

8. Accounting and Capital Allocation Analysis

Financial reporting is substantially sound. The sealed bridge reconciles the exact issuer-disclosed segment metric through investment income, investment gains and losses, corporate expense, other income or expense, a derived pre-interest subtotal, interest, tax, and net income. FY2025 and TTM residuals are zero except a disclosed $1M TTM rounding residual within tolerance. No goodwill, material acquisition habit, related-party abuse, restatement, material weakness, or control concern was identified. The fixed-maturity portfolio was AA- on average with 1.8% below BBB and 3.5-year duration at 2Q26.

Actuarial accounting remains the main quality risk. FY2024 adverse development was about $1.5B and FY2025 was $657M before modest favorable development in H1 2026. The adverse-development covers reduce defined tail exposure but do not prove the original estimates were conservative and introduce contract and counterparty considerations. Gross loss and LAE reserves of $34.735B are more than twice common equity. Accounting can be honest while estimates are wrong.

Recent capital allocation is encouraging. Buybacks rose from $200M in FY2024 to $797M in FY2025 and $725M in H1 2026, while the share count fell sharply. The current price is below 2Q26 book value and at 7.99x TTM EPS. Dividends provide a supported cash return. Yet five-year diluted shares rose at a 1.43% CAGR from FY2021 to FY2025, and the retail expansion followed by exit destroyed confidence. The management YELLOW appropriately recognizes decisive repair without granting a proven allocator label.

9. 20% Return Underwriting

Primary valuation method: P/E. Statutory diluted EPS is reconciled to the listed common share. EV/NOPAT is rejected as the controlling method because the reviewed synthesis explicitly lacks source-bound terminal cash, debt, leases, preferred equity, minority interest, senior claims, and separately valued non-operating asset paths. Under P/E, terminal equity value per share equals statutory diluted EPS times the exit P/E. No cash or debt adjustment is added afterward.

The P/E 15 entry gate does not set any exit multiple. Exit P/Es are independently set against the current 7.9872x, the 8.96x recent five-year median, and the 11.29x ten-year median from the fresh live FMP ratios pull. Bear uses 6.0x for renewed reserve damage and franchise de-rating. Base uses 7.5x, below current, because Moat FAIL and Management YELLOW preclude assuming normalization. Bull uses 9.0x, approximately the recent median, only if Treaty discipline, GWS repair, and Legacy runoff succeed. None uses 15x.

Measure	Bear	Base	Bull	Probability-weighted
Probability	30%	50%	20%	100%
Terminal statutory diluted EPS	$16.578974	$84.453760	$146.396199	Not a synthetic scenario
Exit P/E	6.0x	7.5x	9.0x	Same scenario-specific bridge
Terminal equity value per share	$99.473844	$633.403200	$1,317.565791	$613.056911 expected
Cumulative dividends per share	$35.000000	$45.000000	$55.000000	$41.000000 expected
Terminal shareholder wealth per share	$134.473844	$678.403200	$1,372.565791	$654.056911
Gross USD annualized IRR	-18.54%	12.59%	29.63%	11.77%

Probability-weighted IRR is not the average of scenario IRRs. Expected terminal shareholder wealth is 30% times $134.473844 plus 50% times $678.403200 plus 20% times $1,372.565791, or $654.056911. Its five-year CAGR from $374.96 is 11.7702235961%.

The dividend paths are explicitly modeled from the supported TTM annual rate of $324M divided by 40.26M weighted shares, or $8.047690 per share. Bear pays $7 annually for $35 cumulative. Base pays $8, $8.50, $9, $9.50, and $10 for $45 cumulative. Bull pays $9, $10, $11, $12, and $13 for $55 cumulative. These are distributions in addition to terminal share value. Buybacks are excluded from distributions because the synthesis already captures them in terminal diluted shares.

Bear-case operating and return bridge

Bear case	Start 2026-06-30	Horizon 2031-06-30	CAGR or change	Justification
Revenue	$16.772B	$12.263B	-6.07%	Premium contraction, weaker investments, and reserve stress from synthesis
Operating margin	14.24%	7.21%	-7.03 pp	Negative underwriting partially offset by investment income
Operating earnings	$2.389B	$0.8845B	-18.05%	Contract pre-interest subtotal, derived and not issuer-reported
Diluted share count	38.800M	34.769M	-2.17%	Slower repurchases protect capital; SBC remains explicit
EPS	$46.944858	$16.578974	-18.79%	Reconciled statutory diluted EPS
Valuation	7.9872x	6.0x	-1.9872x	Reserve recurrence and Moat FAIL warrant de-rating
Share value	$374.96	$99.473844	-23.22%	Terminal EPS times 6.0x; no cash or debt adjustment
Annual dividend	$8.047690	$7.00	-2.77%	Capital preservation limits payout growth
Dividend yield	2.15%	7.04%	+4.89 pp	Terminal yield reflects depressed share value, not safety
Five-year dividends	-	$35.00	Cumulative	Five annual $7 payments
Total ending value	$374.96	$134.473844	-18.54% gross USD IRR	Share value plus dividends only

Base-case operating and return bridge

Base case	Start 2026-06-30	Horizon 2031-06-30	CAGR or change	Justification
Revenue	$16.772B	$15.424B	-1.66%	Selective Treaty, GWS repair, and Legacy runoff
Operating margin	14.24%	20.89%	+6.65 pp	Underwriting recovery and stable investment income
Operating earnings	$2.389B	$3.2228B	6.18%	Contract pre-interest subtotal, derived and not issuer-reported
Diluted share count	38.800M	30.562902M	-4.66%	$0.8B annual buybacks plus explicit SBC issuance
EPS	$46.944858	$84.453760	12.46%	Reconciled statutory diluted EPS
Valuation	7.9872x	7.5x	-0.4872x	Below current and both historical medians; no expansion
Share value	$374.96	$633.403200	11.05%	Terminal EPS times 7.5x; no cash or debt adjustment
Annual dividend	$8.047690	$10.00	4.45%	Gradual payout growth alongside capital release
Dividend yield	2.15%	1.58%	-0.57 pp	Terminal yield on higher share value
Five-year dividends	-	$45.00	Cumulative	$8, $8.50, $9, $9.50, and $10
Total ending value	$374.96	$678.403200	12.59% gross USD IRR	Share value plus dividends only

Bull-case operating and return bridge

Bull case	Start 2026-06-30	Horizon 2031-06-30	CAGR or change	Justification
Revenue	$16.772B	$18.659B	2.16%	Strong Treaty terms, profitable specialty scaling, clean runoff
Operating margin	14.24%	27.89%	+13.65 pp	High underwriting gains plus stronger investment income
Operating earnings	$2.389B	$5.2041B	16.86%	Contract pre-interest subtotal, derived and not issuer-reported

Bull case	Start 2026-06-30	Horizon 2031-06-30	CAGR or change	Justification
Diluted share count	38.800M	29.345465M	-5.43%	$1.0B annual buybacks plus explicit SBC issuance
EPS	$46.944858	$146.396199	25.54%	Reconciled statutory diluted EPS
Valuation	7.9872x	9.0x	+1.0128x	Approximately recent five-year median after clean execution
Share value	$374.96	$1,317.565791	28.58%	Terminal EPS times 9.0x; no cash or debt adjustment
Annual dividend	$8.047690	$13.00	10.08%	Strong earnings and excess capital support payout growth
Dividend yield	2.15%	0.99%	-1.16 pp	Terminal yield on much higher share value
Five-year dividends	-	$55.00	Cumulative	$9, $10, $11, $12, and $13
Total ending value	$374.96	$1,372.565791	29.63% gross USD IRR	Share value plus dividends only

Reverse-return and maximum price

At a 20% target, required five-year shareholder wealth is $374.96 times 1.20 to the fifth power, or $933.020467. After $45 of base cumulative dividends, required terminal share value is $888.020467. At the same base 7.5x exit P/E, required terminal EPS is $118.402729, a 20.324686% CAGR from TTM EPS. The synthesis base produces $84.453760. Conversely, the maximum current price for a 20% return from base terminal wealth is **$272.635031**, 27.29% below the $374.96 anchor. The 20% case is not supported at today's price without substantially better earnings or a higher exit multiple.

Net-SGD CIO diagnostic

The same P/E security valuation inputs are used. The overlay assumes a 0.35% entry cost, 0.35% exit cost on terminal share proceeds, a conservative 30% withholding or tax haircut on dividends, no capital-gains tax, and a normalized terminal USD/SGD factor of 0.98 relative to entry, representing 2% cumulative USD weakness against SGD. Investor-specific account, broker, and tax facts are unavailable, so this is a bounded diagnostic, not tax advice.

Measure	Bear	Base	Bull	Probability-weighted
Net-SGD annualized IRR	-20.28%	11.53%	28.62%	10.72%
Mandate interpretation	FAIL	Clears 10%, misses 15%	Clears 15%	Clears 10%, misses 15%

CIO status: PASS. Base and probability-weighted net-SGD returns clear 10%, but the Moat FAIL is a hard qualitative failure and bear wealth implies far more downside than the CIO intervention and hard-review thresholds. Downside and security fit are FAIL; portfolio fit is UNAVAILABLE because holdings, concentration, factor exposure, and risk budget were not supplied. Proposed sizing ceiling is null. Trade execution authorized: NO.

10. Hard Veto Checklist

Hard veto	Result	Evidence
ROIIC below cost of capital with no credible improvement path	WATCH	Four-year proxy is about 5.2%; repair and discounted buybacks offer a path but lack cycle proof
High ROIC is an accounting artifact	PASS	Adapted insurer capital framework avoids negative generic invested-capital artifacts
Growth requires persistent external financing	PASS	Capital, OCF, and low debt-to-capital support self-funding
Share count rises without per-share value creation	WATCH	FY2021-FY2025 dilution reversed sharply only recently
Large acquisitions without disclosed returns	PASS	No material acquisition cash outflow in the reviewed five years
FCF structurally lags earnings	PASS	Cash conversion is positive; insurer timing makes excess conversion noisy
Cyclicality, regulation, concentration, or leverage can permanently impair equity	FAIL	Reserve error and catastrophe exposure can consume substantial equity

Hard veto	Result	Evidence
The 20% case requires terminal multiple expansion	FAIL	Base at a lower 7.5x produces only 12.59%; 20% requires $118.40 EPS or higher valuation
Flawless execution is required at today's price	WATCH	Base has a large P/E-15 cushion but requires reserve stability, GWS repair, and continued buybacks
Moat cannot be explained	PASS	The moat is explainable, but its group durability and 2046 excess-return test fail
Accounting or governance impairs trust	PASS	Clean bridge, effective controls, and no material abuse; reserve estimates remain uncertain
Balance-sheet risk can wipe out holders in a downturn	WATCH	Capital is adequate, but gross reserves exceed equity by more than two times

11. Final Decision

Score-implied classification: Reject. This is a diagnostic classification, not the final ER2 verdict. The score is below 70/100, Business Quality is below 55/80, the Moat and 2046 assessments are FAIL, bear downside is severe, and the 20% stretch hurdle is not met in base or on probability-weighted wealth. A low P/E and current buybacks are insufficient to establish a dream compounder.

Evidence that could improve the score includes no material reserve strengthening through at least FY2028, GWS sustaining an all-in combined ratio near 95% or better without aggressive growth, Treaty margins remaining durable through soft pricing, Legacy becoming immaterial without consuming ADC capacity, adapted ROIC consistently above 15%, and per-share book value plus dividends compounding faster than peers. A price near or below $272.64 would satisfy the modeled base 20% reverse-return test, but price alone would not cure the moat or reserve-quality failures.

Compounder Score note: **49/100** implies the evidence does not support dream-investment status; reserve volatility, weak ROIIC proof, and Moat FAIL dominate the cheap entry multiple.

Business Quality Score note: **41/80** implies the Treaty franchise and financial strength are real, but group returns, reinvestment proof, and 2046 durability are too weak or uncertain.

20% Return UW Score note: **8/20** implies today's price supports a credible low-double-digit base return, not a 20% return without substantially better earnings or a higher multiple.

12. Machine-Readable JSON

The full-precision structured record is written to `compounder_score.json`. It binds the frozen P/E method, scenario wealth, full-precision gross USD and net-SGD returns, reverse-return arithmetic, score detail, source hashes, hard-veto outcomes, CIO status, null sizing, and `trade_execution_authorized=false`. The scenario-return and probability-weighted equations have been recomputed from the JSON inputs. No P/E scenario adds cash or subtracts debt; cumulative dividends are counted once; buybacks enter only through the synthesis share-count path.

Appendix CSA — Scoring Audit

Everest Group, Ltd. — Independent Scoring Audit

Prepared 2026-08-09. Ticker: EG. Listing: XNYS:EG. Reporting and quote currency: USD. Current-price anchor: $374.96 on 2026-08-07. TTM end: 2026-06-30. Forecast horizon: 2031-06-30, exactly 5.0 years.

The CompounderScorer files match their supplied SHA-256 seals. All nine sealed research inputs also match. This audit therefore evaluates a fixed evidence set rather than a moving draft. The controlling security-return method remains P/E. No finding below changes the method, scenario weights, exit multiples, operating scenarios, or return arithmetic. The score changes because several qualitative points were more generous than the evidence supports.

1. Original vs Audited Scores

Item	Original	Audited	Notes
Business Quality Score / 80	41/80	35/80	Reduced for missing ROIIC trend proof, weak reinvestment repeatability, reserve tail, and an unproven allocation record
Valuation / 20% Return UW Score / 20	8/20	8/20	Return arithmetic, conservative base exit P/E, and rubric mapping are correct
Total Score / 100	49/100	43/100	Six evidence points removed; classification unchanged
Classification	Reject	Reject	Below 70/100, hard vetoes remain, and base return does not clear 20%

Original gross USD annualized returns were bear -18.5425940206%, base 12.5901997055%, and bull 29.6312312486%. Scenario probabilities were 30%, 50%, and 20%. The original probability-weighted gross USD return was 11.7702235961%, calculated from expected terminal wealth rather than by averaging the three IRRs. The original maximum price for a 20% base-case return was $272.6350308642. All of these figures reproduce independently and are preserved as audited figures.

The original classification is correctly reconstructed as Reject. The diagnostic threshold fails total score, Business Quality Score, Valuation / 20% Return Underwriting Score, ROIIC plus runway, base IRR, bear IRR, no-hard-veto, and no-multiple-expansion tests. A cheap starting multiple does not cure weak evidence of durable incremental returns.

2. Score Reductions and Reasons

The table below reconstructs every rubric subcategory. The original report explicitly enumerated Categories 1, 2, 3, and 6. Categories 4 and 5 were stated only at category level, so their original subcategory allocation is an auditor reconstruction that ties exactly to the authoritative totals.

Rubric item	Maximum	Original	Audited	Evidence status	Audit decision
1A Normalized ROIC	5	1	1	Supported	Five-year median adapted ROIC is 9.97%, below 10%
1B ROIIC	8	0	0	Missing data	True five-year ROIIC is unavailable
1C ROIIC trend	3	1	0	Unsupported	Endpoint proxies of 14.49% and 5.20% do not establish a trend
1D Unit economics	3	2	2	Partly supported	Treaty is profitable; GWS and Legacy are not proven
1E Cash conversion	3	2	2	Partly supported	Multi-year cash support is real but insurer timing inflates the metric
1F No accounting artifact	3	2	2	Partly supported	Insurer adaptation is sensible, but not a standard invested-capital measure
Category 1 subtotal	25	8/25	7/25	Recomputed	One unsupported trend point removed
2A Market opportunity	5	3	3	Supported	Global risk-transfer demand is durable but cyclical

Rubric item	Maximum	Original	Audited	Evidence status	Audit decision
2B Reinvestment at scale	5	2	1	Partly supported	Premium capacity exists; attractive incremental returns are not demonstrated
2C Organic opportunity	4	2	2	Partly supported	Treaty selection and specialty niches exist, but base revenue declines
2D Repeatable playbook	3	1	0	Unsupported	Retail expansion was reversed and GWS repair lacks a full-cycle record
2E Market structure	2	2	2	Supported	Risk transfer remains necessary, despite abundant mobile capital
2F Growth without ROIC collapse	1	0	0	Missing data	No proof through a soft market and reserve cycle
Category 2 subtotal	20	10/20	8/20	Recomputed	Reinvestment and repeatability reduced
3A Clear advantage	4	2	2	Partly supported	Ratings, licenses, capacity, trust, and claims credibility are real
3B Pricing power	3	1	1	Partly supported	Everest has selection power, not demonstrated control of price
3C Competitive evidence	3	1	1	Partly supported	Treaty survives competition; group excess returns are unproven
3D Customer stickiness	2	1	1	Partly supported	Relationships matter, but renewals and syndication enable switching
3E Stress resilience	2	1	1	Partly supported	Capital is adequate; reserve losses and catastrophe exposure remain material
3F Disruption risk	1	1	1	Supported	AI cannot replace regulated risk capital, though analytics may commoditize
Category 3 subtotal	15	7/15	7/15	Recomputed	Already conservative and consistent with Moat FAIL
4A Earnings quality	2	1	1	Partly supported	Statutory bridge is clean; reserve estimates were materially wrong
4B Cash supports earnings	2	2	2	Supported	Three-year and five-year cash tests were performed
4C SBC and dilution	2	2	2	Supported	SBC is low and forecast issuance is explicit
4D Balance-sheet strength	2	2	1	Partly supported	Capital is adequate, but gross reserves are more than twice equity
4E Disclosure	1	1	1	Supported	Recast segments and loss triangles improved transparency
4F Governance and accounting flags	1	1	1	Supported	No abuse, restatement, material weakness, or related-party concern found
Category 4 subtotal	10	9/10	8/10	Recomputed	Near-perfect balance-sheet credit was not justified
5A Reinvestment priority	2	1	1	Partly supported	Current simplification is rational but follows value-destructive expansion
5B Acquisition discipline	2	2	2	Supported	No material acquisition cash outflow in FY2021-FY2025
5C Buyback discipline	2	2	1	Partly supported	Recent purchases are valuation-aware but not tested through reserve stress
5D Incentive alignment	2	1	1	Partly supported	ROE and book-value metrics help; reserve-quality and absolute hurdles are weak
5E Owner mentality	1	1	0	Unsupported	CEO tenure and purchased capital at risk are insufficient for full credit

Rubric item	Maximum	Original	Audited	Evidence status	Audit decision
5F Past decisions	1	0	0	Unsupported	The current team has not established a positive full-cycle record
Category 5 subtotal	10	7/10	5/10	Recomputed	Buyback durability and owner evidence reduced
6A Base IRR	6	2	2	Supported	Base gross USD IRR is 12.59%, matching the 10%-15% band
6B Conservative exit	4	3	3	Supported	Base exit P/E of 7.5x is below current 7.9872x
6C Bear acceptable	3	0	0	Supported	Bear annualized loss of 18.54% is unacceptable
6D Reverse hurdle	3	0	0	Supported	Required terminal EPS CAGR of 20.32% exceeds the modeled base path
6E Price perfection	2	2	2	Supported	Current P/E and price-to-book do not price perfection
6F Cash returns	2	1	1	Supported	Dividends help, but do not close the return gap
Category 6 subtotal	20	8/20	8/20	Recomputed	Original score preserved

This score is reduced because the original 41/80 Business Quality Score gave credit for a ROIIC trend that cannot be observed, a reinvestment playbook not demonstrated by GWS or the reversed retail expansion, near-full balance-sheet quality despite a large reserve tail, and a capital-allocation record that is recent and untested. The evidence supports a real Treaty franchise. It does not support a high-ROIIC, repeatable, twenty-year compounder.

3. Unsupported Claims

The most important unsupported claim is that ROIIC is not deteriorating. The 14.49% FY2022-FY2025 endpoint proxy and 5.20% FY2021-FY2025 proxy use different starting years and cycle states. They are useful warning signals, not a time series. Category 1C is therefore zero.

The evidence does not support a repeatable expansion playbook. Treaty can shrink business when pricing is inadequate, which is discipline rather than scalable growth. GWS underwriting-gain margin fell from 6.70% in FY2023 to 1.20% in FY2025. Legacy is a runoff obligation. The base model itself assumes total revenue declines 1.66% annually. Category 2D is zero and 2B is reduced to one point.

The evidence does not support full owner-mentality credit. Management is YELLOW, the CEO record is short, the retail buildout was reversed after capital damage, and unvested awards make up much of disclosed ownership. Recent buybacks are encouraging, but two strong reporting periods do not establish a through-cycle allocation culture.

No crucial valuation claim is unsupported. The exit evidence is secondary and cycle-distorted, but the chosen 6.0x, 7.5x, and 9.0x P/Es are bounded by the current 7.9872x, recent five-year median 8.9633x, and ten-year median 11.2909x. The bull multiple expands modestly and controls only a 20% scenario weight. The base contracts. P/E 15 is not used as an exit multiple.

4. Calculation Errors

No return-arithmetic error was found. Current P/E independently reproduces as $374.96 divided by $46.9448584203, or 7.9872431746x. Under P/E, terminal equity value per share is terminal statutory diluted EPS times exit P/E: $99.473844 in bear, $633.403200 in base, and $1,317.565791 in bull. Cumulative dividends of $35, $45, and $55 are added once, producing terminal wealth of $134.473844, $678.403200, and $1,372.565791. Five-year CAGRs reproduce -18.5425940206%, 12.5901997055%, and 29.6312312486%.

One non-return metric is mislabeled. The stated TTM “FCF conversion to NOPAT” of 83.72% is $2.000B divided by the $2.389B pre-interest operating subtotal, not by after-tax NOPAT. Applying the TTM effective tax rate of $330M divided by $2.243B pretax income gives TTM NOPAT of about $2.0376B and FCF conversion of about 98.16%. This error does not change the return model or the two points retained for multi-year cash support, but the 83.72% figure must not be published as FCF divided by NOPAT. In addition, the historical NOPAT series uses annual effective tax rates, including a FY2023 tax benefit, rather than one normalized cash tax rate. That makes the endpoint ROIIC proxies less comparable and reinforces the

zero score for ROIIC trend.

Expected terminal wealth is $654.0569114, calculated as 30% of bear wealth plus 50% of base wealth plus 20% of bull wealth. Its CAGR from $374.96 is 11.7702235961%. The calculation does not average scenario IRRs.

The reverse-return bridge also reproduces. Required five-year wealth at 20% is $933.0204672. Subtracting $45 of base dividends gives required terminal equity value of $888.0204672. Dividing by the same 7.5x P/E gives required terminal EPS of $118.40272896 and a CAGR of 20.3246856390% from current statutory diluted EPS. The maximum buy price is base terminal wealth divided by 1.2 to the fifth power, or $272.6350308642.

The net-SGD overlay is method-consistent. Entry outlay is $376.27236 after 0.35% entry cost. Each scenario applies 0.35% exit cost to share proceeds, a 30% haircut to dividends, and a 0.98 terminal USD/SGD index. Resulting annualized returns are bear -20.28%, base 11.53%, bull 28.62%, and probability-weighted 10.72%. Full precision is preserved only in the structured JSON.

No cash, debt, investment portfolio, lease, or senior-claim adjustment is added after EPS times P/E. Dividends are counted once. Buybacks are reflected only through diluted shares and are not added as a second yield. The valuation method is P/E in all scenarios, probability weighting, reverse return, maximum price, and net-SGD. The double-count check passes.

5. Missing Data

The most important missing evidence is a true five-year ROIIC calculation using six comparable capital observations. The insurer adaptation is reasonable, but the available endpoint proxies are cycle-sensitive. Category 1B correctly remains zero. Acquisition-inclusive ROIIC is not a separate concern because disclosed acquisition cash outflow was zero in FY2021-FY2025; it is effectively the same incomplete capital-return proxy.

The five-year median adapted ROIC of 9.97% reproduces from annual observations of 11.59%, 5.65%, 19.60%, 9.38%, and 9.97%. FY2025 NOPAT is $1.718B on $17.237B average adjusted capital. Including and excluding goodwill gives the same result because goodwill is zero. The metric remains an insurer diagnostic, not ordinary industrial ROIC.

Five-year aggregate analytical FCF divided by adapted NOPAT reproduces 249.9813502424%. TTM analytical FCF divided by recomputed after-tax TTM NOPAT is approximately 98.16%, not the original 83.72%. This is sufficient for cash-support credit, but insurer operating cash flow includes premium, claims, collateral, and reserve timing. Reinvestment rate remains unavailable because conventional capex and working-capital formulas are not economically appropriate and no clean regulatory-capital reinvestment series is supplied.

TTM SBC of $75M equals 0.4472% of $16.772B revenue and 3.75% of $2.000B analytical FCF. It is a real cost and the model includes approximately 0.2M issued shares per year. Diluted shares rose from 39.3M in FY2021 to 41.6M in FY2025, a 1.4320% CAGR over four intervals. Recent buybacks reversed that direction, but the base terminal count of 30.5629M requires $0.8B of annual repurchases for five years. Holding shares at 38.8M would reduce base EPS to about $66.52 and gross return to about 7.72%. Buyback sustainability is therefore a major underwriting dependency, not a cosmetic assumption.

A non-controlling current EV/NOPAT diagnostic is approximately 8.35x using $17.020448B of defined enterprise value and about $2.0376B of TTM adapted NOPAT. It does not change the frozen method. No source-bound terminal cash, debt, lease, and senior-claim path exists, so EV/NOPAT cannot control.

6. Hard-Veto and Threshold Test Audit

Hard veto 7 remains FAIL: reserve and catastrophe risk can permanently impair equity. Gross loss and LAE reserves of $34.735B exceed $15.430B of equity by more than two times. Prior-year reserve development was approximately $1.5B unfavorable in FY2024 and $657M unfavorable in FY2025. The ADC reduces specified exposures but excludes some liabilities, introduces recovery and contract risk, and does not prove original estimates were sound.

Hard veto 8 remains FAIL: modeled base gross return is only 12.59% at a lower 7.5x exit. Keeping base EPS and dividends unchanged would require an exit multiple above the current P/E to reach 20%. Alternatively, the company must deliver $118.40 of terminal EPS, well above the $84.45 base case. Hard veto 12 remains WATCH rather than FAIL because current capital, debt-to-capital, ratings, and lower catastrophe PML support solvency, even though the reserve tail is material.

Treaty cyclicality is fully relevant. It is the strongest segment, but disclosed underwriting-gain margin compressed from 13.90% in FY2023 to 8.59% in FY2025 while pricing softened. GWS remediation remains an execution claim until it sustains roughly mid-90s or better all-in combined ratios without growth-led deterioration. Legacy base loss becoming immaterial by 2031 is plausible, but $7.985B of gross reserves and long-tail claims can outlast the earnings horizon. Management YELLOW

is appropriate. Moat FAIL and 2046 FAIL are appropriate and are not softened by a cheap entry price.

7. Final 20% Hurdle Pass/Fail

FAIL. The audited base gross USD IRR is 12.59%, the probability-weighted gross USD IRR is 11.77%, and the probability-weighted net-SGD diagnostic is 10.72%. These are potentially acceptable low-double-digit security returns, but they do not meet the diagnostic 20% stretch hurdle. The base exit multiple contracts, so the failure is not an arithmetic artifact. The required improvement must come from substantially higher EPS, a lower entry price, or multiple expansion. Only the lower entry price is under investor control.

8. Dream Business / Dream Investment Classification

Neither. Everest is a credible and potentially valuable insurance franchise, but the evidence does not establish high and durable ROIIC, a repeatable reinvestment runway, group-level pricing power, or twenty-year excess returns. At $374.96 it is also not a dream investment under the 20% rubric because severe bear downside and reserve tail outweigh a cheap P/E and supported dividends. The single biggest reason is that reserve-cycle uncertainty prevents confidence that current capital returns and forecast buybacks can persist without renewed capital impairment.

9. Stage 7 Scorecard Notes

Compounder Score note: **43/100** implies a real Treaty franchise but not a proven compounder; reserve-cycle uncertainty, missing ROIIC proof, and Moat FAIL dominate the cheap valuation.

Business Quality Score note: **35/80** implies adequate financial strength and a credible core franchise, offset by weak reinvestment evidence, volatile group returns, and an unproven allocation record.

20% Return UW Score note: **8/20** implies a low-double-digit base return at the current price, not a 20% return; bear downside is severe and the reverse hurdle requires much higher EPS or a lower entry price.

10. Auditor JSON

The full-precision structured audit is written to `compounder_score_audit.json`. It records the audited P/E method, scenario bridges, exact gross USD and net-SGD returns, score reductions, category and subcategory decisions, hard-veto findings, CIO PASS, and `trade_execution_authorized=false`.

Bound source	SHA-256
Compounder appendix	b59825d6dc32b804e29fbd094a00d709a28ec63ea8f5178a495950b1ae4eb98f
Compounder JSON	25778d76579346041bf433ecac439532ada5890c06f529b88baea11aa61f6683
Quote packet	0dc2aafc6667f699ee9a0d6f4dd339f6c9765deb01ec3701405327b29a8e93bc
Statutory bridge	307ca56bdbe5ea78ae0617e3547a5d6b4a29b88ac2155f9e0a16b7352320f883
Data package	122c6691e723614c937c683beaaa4958ccf986ac35510c4e0070f5cc03eb7109
Treaty appendix	7c9bdc3ee0f74d8c2940e842d96d95358776b4ac263fc260bf3b2a7c9041960c
GWS appendix	30f240fc58973500e76a5ca431db39e16ad50f2dedf8e2c44991a8dba38858e3
Legacy appendix	af626ec81fd7c8d134e58516aa26a1c10bed68afced0b11aabe2d6bd022081e3
Management appendix	484bd75a5c6093f148a2d46a13f901e43a210bdf5ab3f09ec9ad9708e21a7da8
Moat appendix	61366de81885f6d223ee18cebe42c4a859ae18ae5f01497fd1fc395992c2b53d
Synthesis appendix	52d0644dd73ce4bc83da5ec17bd0b4a140609177a81e85cdd1de7f0bba4014f2

Appendix RT — Red Team

Everest Group, Ltd. — Red Team

Prepared 2026-08-09. Ticker: EG. Price anchor: **$374.96 on 2026-08-07**. TTM end: **2026-06-30**. Horizon: **2031-06-30**, exactly 5.0 years. This review attacks the sealed operating and return cases; it does not revise the audited **43/100 Compounder Score, 35/80 Business Quality Score, 8/20 20% Return Underwriting/Stretch Score, or Reject classification**.

Red-team verdict

The Gideon compounder thesis does not survive. The short case is not that Everest lacks a franchise or faces imminent solvency trouble. It is that the apparently cheap P/E capitalizes an earnings number whose largest inputs—long-tail reserve adequacy, catastrophe normalization, reinvestment yield, retrocession availability, and buyback capacity—can deteriorate together. The base case converts a shrinking premium base into $84.45 of 2031 EPS largely through stable Treaty profitability, a nearly extinguished Legacy earnings drag, $2.24 billion of net investment income, and a 21.2% reduction in diluted shares. Those are not independent assumptions. The same reserve or catastrophe shock that reduces underwriting earnings also absorbs capital, raises protection costs, shrinks investable assets, stops repurchases, and warrants a lower exit multiple.

The low multiple can therefore be a warning rather than a bargain. Gross reserves of $34.735 billion are 2.25 times $15.430 billion of equity. Prior-year reserve development was approximately $1.5 billion unfavorable in FY2024 and $657 million unfavorable in FY2025. A P/E below 8x can simply mean the market doubts that reported earnings are normalized or that stated book value will survive final claim settlement. P/E is the correct audited valuation method given the missing terminal EV bridge, but method correctness does not establish earnings quality.

1. The most fragile assumption

The single most fragile segment assumption is **Legacy aggregate runoff producing only a $7.2 million underwriting loss in 2031**, based on $120 million of NPE and a 106% combined ratio. This is the wrong economic scale on which to feel safe. At 2Q26, Legacy still carried **$7.985 billion of gross loss and LAE reserves**. Premium can become immaterial while old claims remain economically dominant. The [Legacy appendix](appendix_B_legacy.md) properly discloses this mismatch, but the consolidated endpoint still necessarily places only the annual terminal underwriting line into 2031 EPS.

A one-percent adverse re-estimate of the 2Q26 Legacy reserve stock is about **$79.9 million**, more than eleven times the modeled terminal loss. At the base 16% tax rate and 30.5629 million modeled shares, that would reduce EPS by about **$2.20**. The approximately **$793 million** gap from FY2025 carried Legacy reserves to the disclosed actuarial high range would reduce EPS by about **$21.80** if recognized in the terminal year, taking base EPS from $84.45 to roughly **$62.65** before any change in the exit multiple or share count. That charge is not a forecast; it demonstrates why a percentage of dwindling NPE cannot bound a reserve-stock error.

The base embeds $234 million of cumulative adverse Legacy development over five forecast rows, but actuarial ranges are not hard bounds and the ADC is not complete finality. Covered exposures share a $1.2 billion gross limit with GWS, exclusions remain, Everest retains co-participation, and gross loss recognition may precede ceded recovery. A large charge can therefore arrive after the reported runoff appears operationally successful.

Treaty is the next weak joint. Its 2031 base combined ratio is **89.91%**, or a 10.09% underwriting-gain margin, on $9.568 billion of NPE. A five-point deterioration would remove about $478 million of pretax underwriting profit and about **$13.15 of EPS** at the base tax rate and share count. The Treaty component ratios are analyst proxies rather than disclosed segment components. That makes the assumed 0.5-point prior-year-development ratio and 4.2-point catastrophe ratio far less secure than the apparent precision suggests.

2. The Stage-5 number most likely optimistic

The consolidated number most likely optimistic is the **30.5629 million 2031 diluted share count**. It requires $800 million of repurchases every year, or $4.0 billion cumulatively, while issuing only 0.2 million shares annually. The result is a 21.2% reduction from the 38.8 million point-in-time starting count. Recent execution is real—$797 million in FY2025 and $725 million in H1 2026—but the longer record is not: diluted shares rose from 39.3 million in FY2021 to 41.6 million in FY2025.

The assumption is fragile because repurchases are the residual claimant on capital after claims, regulatory requirements, rating-agency tolerance, retrocession collateral, debt service, dividends, and growth opportunities. A reserve study can change that residual in one quarter. The model assumes repurchases continue through precisely the environment in which the share price would likely be most attractive; in practice, that is when management may have the least authorization to buy.

The audited no-buyback diagnostic exposes the dependency. Holding diluted shares at 38.8 million reduces base EPS from $84.45 to **$66.52** and base gross USD IRR from 12.59% to **7.72%**, even with the same 7.5x exit and $45 of dividends. Buybacks are not double counted, but they are load-bearing.

3. Strongest bear case, stated as a short seller would

Everest is a levered claim-estimation vehicle being valued on current earnings after two years of reserve failure, not a durable compounder temporarily offered at a discount. Over the next six to eight quarters, softening property rates and shrinking casualty writings reduce earned premium and float, while social inflation forces further Treaty, GWS, or Legacy reserve strengthening; a clustered catastrophe period then consumes earnings, collateral, and retrocession capacity at the same time. Management must suspend the modeled buybacks to protect ratings, net investment income falls below the $2.24 billion base as invested assets or yields decline, and the market applies 5x–6x—not 7.5x—to an earnings stream it no longer trusts. The validating anchor is renewed unfavorable prior-year development, not premium growth.

The base case treats the central moving pieces as scenario-aligned, but the actual balance sheet creates feedback loops. Softer rates offer Everest a bad choice: shrink and lose expense absorption and investable float, or maintain volume by accepting lower prices, broader terms, and adverse selection. Social inflation then raises both current loss picks and prior-year reserves. If catastrophes cluster at the same time, aggregate and reinstatement economics worsen, collateral is trapped, and retrocession or sidecar investors demand higher returns just when protection is most valuable. Everest either cedes more premium at worse economics or retains more volatility.

Those losses reduce equity and rating headroom. Capital release from Legacy is delayed, so repurchases stop and the modeled share-count shrink disappears. Claims payments reduce invested assets; a 3.5-year fixed-maturity duration means the portfolio also rolls toward whatever lower yield the market offers, so $2.24 billion of base net investment income is not protected. Finally, recurring reserve misses destroy the justification for a stable exit multiple. The damage is multiplicative: lower underwriting profit, lower investment income, more shares, smaller dividends, and a lower P/E occur together.

An illustrative coupled stress—not a replacement for the audited scenarios—shows the convexity. Set Treaty's terminal gain margin to 5% rather than 10.09%, GWS to breakeven rather than a 5% gain margin, net investment income to $1.90 billion rather than $2.24 billion, and keep shares at 38.8 million. Base net income falls to roughly $1.74 billion and EPS to about **$44.84**. At a 6x exit and $35 of cumulative dividends, terminal wealth is about **$304 per share**, a **negative 4.1% annualized return** from $374.96. This stress still excludes a discrete Legacy reserve charge and an extreme catastrophe year.

4. Cross-examination of management commentary

"Expected returns ... remain above our thresholds." James Williamson used this formulation on the Q1 FY2026 call, as reproduced from the live transcript in the [data package](data_package.md). It is self-referential because the technical threshold, loss-cost trend, attachment-point change, and ceded economics are not disclosed. Comparable Treaty GWP fell 9.1% in 2Q26; casualty proportional and XOL GWP fell 22.8% and 25.0%. If the assertion is wrong, the first evidence will be an attritional Treaty loss ratio above the "mid-50s" anchor or renewed casualty development despite shrinking writings—not merely lower premium.

"Top and bottom line growth." Williamson stated this GWS aspiration on the Q3 FY2025 call. The top line has not yet agreed: quarterly NPE declined year over year by 0.54%, 2.01%, 1.78%, and 2.61% from 3Q25 through 2Q26. The bottom line is also thin: quarterly underwriting-gain margins were 4.48%, negative 8.90%, 3.20%, and 4.80%. The base forecast asks NPE to compound 3.84% and the combined ratio to improve 414 basis points to 95%. If management is overpromising, the first sign will be premium growth accompanied by a combined ratio above 100%, showing that scale was purchased rather than earned.

"Become an immaterial contributor to earnings." Elias Habayeb used this Legacy endpoint on the Q2 FY2026 call. It can be literally true and economically misleading: reported segment NPE and current underwriting loss can approach zero while billions of gross reserves, ADC recoverables, claims costs, and trapped regulatory capital remain. The first contradiction will be adverse prior-year development or erosion of remaining ADC protection, not slower runoff revenue. "Immaterial earnings" must never be translated into "immaterial liability."

5. Stage-5 spot checks

The recency bridge is arithmetically correct: 3Q25, 4Q25, 1Q26, and 2Q26 form the TTM once. Economically, however, it is already stale in the optimistic direction. Treaty NPE growth deteriorated from negative 1.49% to negative 0.91%, negative 4.77%, and negative 9.80% over those quarters. A TTM average includes the better second half of 2025 while the newest quarter shows the steepest contraction. GWS NPE declined in all four quarters. The model does build early declines, but $84.45 of terminal EPS assumes subsequent stabilization before reserve confidence has been re-established.

No modeled product CAGR obviously outruns a disclosed peer trend with strong contrary evidence; the segment appendices are generally conservative on volume. The vulnerable area is the joint assumption that GWS growth and margin repair occur together. Other Specialty compounds 7%, Professional Liability 6%, and Accident and Health 5% in base while the GWS combined ratio improves to 95%. There is no product-level earned premium or profitability disclosure proving that the fastest-growing lines carry the best margins. Mix can improve reported growth while importing latent aggregation or reserve risk.

The $45 base cumulative dividend path—$8.00, $8.50, $9.00, $9.50, and $10.00—is more assertive than a flat continuation of the $8.05 TTM rate, but it is not the central model vulnerability. Reducing cumulative dividends from $45 to $35 lowers base gross IRR only from 12.59% to about **12.26%**; eliminating all dividends lowers it to about **11.06%**. The more important interpretation is signaling: a dividend cut would tell investors that capital strain is severe enough to reach the protected part of the distribution hierarchy.

The **7.5x base exit** is conservative only relative to current and historical P/E observations. It is not conservative relative to an unresolved reserve cycle. With unchanged $84.45 base EPS and $45 of dividends, a 6x exit produces only about **8.03%** gross annualized return; a 5x exit produces about **4.50%**. If both share shrink and reserve credibility fail, multiple compression and EPS dilution compound rather than offset. The five- and ten-year median P/Es are cycle-distorted evidence, not a floor.

6. The audited 20% claim

The red team agrees with the audited **FAIL** on the 20% hurdle. There is no credible base-case 20% claim to defend: the audited base gross USD IRR is 12.59%, probability-weighted gross USD IRR is 11.77%, and probability-weighted net-SGD diagnostic is 10.72%. The bull's 29.63% gross USD return has only a 20% weight and requires $146.40 of EPS plus a 9x exit.

The first assumption that would make an attempted 20% upgrade false is share-count shrink. The reverse bridge requires $118.40 of terminal EPS at 7.5x and $45 of dividends, versus modeled base EPS of $84.45. The required EPS is 40.2% above base. Suspending repurchases moves EPS the opposite way, to $66.52. Alternatively, a buyer needs an entry price of about **$272.64**, 27.3% below the $374.96 anchor. The audited score remains **43/100, 35/80, 8/20, Reject**.

7. Signal that forces exit or confirms rejection

Kill signal: cumulative reported unfavorable prior-year reserve development greater than $300 million over any rolling four quarters, observed in the next two quarterly reports or thereafter. The threshold is about 2% of current common equity and is large enough to distinguish a renewed reserve-control failure from ordinary quarterly noise. It should be evaluated before interpreting ADC recoveries as evidence that original estimates were sound and should include development emerging in Treaty, GWS, and Legacy.

Crossing $300 million invalidates the base for four reasons. It would follow $1.5 billion and $657 million of adverse development in FY2024 and FY2025, showing that remediation did not restore estimation credibility. It would make Legacy capital release less dependable, put the $800 million annual buyback path at risk, and raise the probability that Treaty's 89.91% terminal combined ratio is too low. It would also justify an exit P/E below 7.5x. For a current Reject, the signal confirms the rejection and blocks upgrade; for any tactical holder, it forces exit rather than another "one-time" normalization.

Secondary warning signals are two consecutive quarters of Treaty combined ratio at or above 95%, GWS combined ratio above 100% while NPE grows, or repurchases continuing above $300 million quarterly while catastrophe protection or rating capital deteriorates. These corroborate the mechanism but do not replace the single reserve-development kill line.

8. What remains true after the attack

Everest still has a real Treaty franchise. Ratings, global licenses, claims-paying credibility, broker and cedent access, experienced underwriters, and meaningful capacity create selection value. The 2Q26 balance sheet is currently adequate rather than distressed: debt to total capital was 14.3%, the investment portfolio's fixed-maturity book averaged AA- credit

quality, and the largest disclosed 1-in-100 net economic catastrophe loss fell to 8.1% of equity. Recent buybacks below book can be highly accretive if reserve adequacy is real, and management's willingness to shrink inadequately priced business is better than chasing volume.

The mathematical P/E-15 entry gate also remains true under the sealed base assumptions, and even the no-buyback $66.52 EPS diagnostic would clear the $25.00 required EPS. What does not remain true is that this cushion proves mispricing. A large P/E-15 cushion can coexist with permanently impaired book value, volatile claim development, and a sub-10% realized return if the exit multiple contracts or buybacks stop.

An upgrade requires evidence, not another cheap multiple: no material adverse development through at least FY2028; Treaty margins holding through soft renewals; GWS sustaining approximately 95% or better combined ratios without growth-led deterioration; Legacy reserves and ADC exposures declining cleanly; and diluted shares falling because surplus capital is genuinely available, not because management is buying ahead of a reserve charge. Until those conditions are observed, Everest is a credible insurer and possible tactical value security, but **not a Gideon-quality compounder and not a 20% return case at $374.96**.

Appendix D — Data Package (Raw Historicals)

Everest Group, Ltd. - Data Package

Prepared 2026-08-09. Fiscal year-end is December 31. Reporting currency is USD; monetary values are USD millions unless otherwise stated. The latest completed quarter is 2Q26 ended 2026-06-30, released 2026-07-29 and filed on Form 10-Q on 2026-08-03. TTM means 3Q25 + 4Q25 + 1Q26 + 2Q26, ending 2026-06-30. The fixed research horizon is 2031-06-30, exactly 5.0 years.

This package uses live pulls made in this D-stage run. FMP is a structured secondary source. SEC filings and Everest investor-relations materials control where they differ. Raw D-stage files are archived under `raw\20260808T163323Z\d_*`. The sealed statutory bridge is reproduced without changing its numbers, signs, metric identity, labels, or classifications. `trade_execution_authorized=false`.

0a. Industry classification and disclosure inventory

Everest is a Bermuda-domiciled property-and-casualty insurer and reinsurer that reports as a U.S. domestic issuer on Forms 10-K and 10-Q. It is not a life insurer and does not report VONB, ANP, PVNBP, embedded value, CSM, or other life-insurance measures. Its controlling economic disclosures are net premiums earned, gross written premiums, underwriting gain or loss, loss and expense ratios, catastrophe exposure, reserve development, invested assets, investment yield, capital, and book-value returns.

FMP status: annual and quarterly consolidated statements were populated, but segment/product endpoints were sparse and stale. The live annual product endpoint returned only FY2023-FY2024 under the former Reinsurance/Insurance/Other Operating taxonomy; the live quarterly endpoint returned only 2Q25. Neither endpoint supports the 2026 recast taxonomy. The June 3, 2026 SEC recast and the 2Q26 Everest financial supplement therefore control segment and product disclosures.

Live source inventory

Source family	Live source checked in this run	Archived D-stage evidence	Scope and result
FMP consolidated statements	`https://financialmodelingprep.com/stable/income-statement`, `balance-sheet-statement`, `cash-flow-statement`, `key-metrics`, and `ratios`; symbol EG	`d_fmp_*_EG.json`	Eight annual periods and twelve quarters fetched successfully
FMP products	`https://financialmodelingprep.com/stable/revenue-product-segmentation`; symbol EG; annual and quarter	`d_fmp_product_annual_EG.json`; `d_fmp_product_quarter_EG.json`	Sparse former-taxonomy data; unsuitable for the 2026 segment structure
FMP calls	`https://financialmodelingprep.com/stable/earning-call-transcript`; EG; Q3 FY2025 through Q2 FY2026	Four `d_fmp_transcript_*.json` files	All four calls fetched; dates matched the expected call windows
SEC annual reports	FY2021-FY2025 Forms 10-K	`d_sec_2021_10k.htm` through `d_sec_2025_10k.htm`	Five-year consolidated, reserve, capital, and cash-flow history
SEC recast	`https://www.sec.gov/Archives/edgar/data/1095073/000109507326000027/eg-20260603_d2.htm`	`d_sec_2025_recast.htm`	New taxonomy, FY2023-FY2025 recast segment economics
SEC latest interim	`https://www.sec.gov/Archives/edgar/data/1095073/000109507326000032/eg-20260630.htm`	`d_sec_2026q2_10q.htm`	2Q26/H1 2026 statutory statements, reserves, transactions, held-for-sale items
SEC latest release	`https://www.sec.gov/Archives/edgar/data/1095073/000109507326000029/everest2q26earningsrelease.htm`	`d_sec_2026q2_release.htm`	Current headline growth and ratio verification
Everest supplements	4Q23, 4Q24, 4Q25, and 2Q26 official q4cdn PDFs	`d_ir_supplement_4q23.pdf` through `d_ir_supplement_2q26.pdf`	Five-year group KPIs, current quarterly segment tables, invested assets, returns
Everest presentations	4Q24 and 2Q26 official q4cdn PDFs	`d_ir_presentation_4q24.pdf`; `d_ir_presentation_2q26.pdf`	Historical summary, strategy, reserve/capital context

Source family	Live source checked in this run	Archived D-stage evidence	Scope and result
SEC metadata	`https://data.sec.gov/submissions/CIK0001095073.json` and companyfacts API	`d_sec_submissions_CIK0001095073.json`; `d_sec_companyfacts_CIK0001095073.json`	Filing chronology and independent annual fact checks

Search inventory used across the official files: `gross written premium`, `net premiums earned`, `underwriting income`, `underwriting gain (loss)`, `combined ratio`, `loss ratio`, `commission and brokerage`, `other underwriting expenses`, `catastrophes`, `prior year`, `reserve development`, `net investment income`, `annualized return on invested assets`, `book yield`, `reserve for losses and loss adjustment expenses`, `total investments and cash`, `debt to total capital`, `return on average equity`, `Total Shareholder Return`, `Reinsurance Treaty`, `Global Wholesale & Specialty`, `Legacy`, `geographic`, and each disclosed line-of-business name.

Completeness matrix

Dataset / table family	Official source searched	Search terms or table names	Years available	Included?	If excluded, why	Downstream relevance
Consolidated insurer economics	FY2021-FY2025 10-Ks; 4Q23-4Q25 supplements; 2Q26 supplement	GWP, NPE, underwriting gain, ratios	FY2021-FY2025; H1/2Q26; selected TTM	Yes	None	Earnings base and cycle analysis
Recast segment economics	June 3, 2026 recast; 2Q26 supplement	Reinsurance Treaty, Global Wholesale & Specialty, Legacy	FY2023-FY2025; last four quarters; H1 2026	Yes	FY2021-FY2022 were not officially recast	Segment appendices and synthesis
Product/line-of-business mix	2Q26 supplement pp. 12 and 14; recast business descriptions	GWP by line of business	FY2025, H1 2026, and last four quarters	Yes	No current-taxonomy FY2021-FY2024 product history was published	Segment drivers and moat
Reserve development	FY2022 10-K; June 3 recast; 2Q26 supplement	Current year, prior year, reserve development	FY2021-FY2025 and H1 2026	Yes	None	Tail risk and Legacy run-off
Investments and yield	FY2021 10-K; 4Q23-4Q25 and 2Q26 supplements	NII, invested assets, return on invested assets, book yield	FY2021-FY2025 and H1/2Q26	Yes	None	Investment-income forecast
Investment portfolio composition and credit quality	FY2021-FY2025 10-Ks; 4Q23-4Q25 and 2Q26 supplements	Fixed maturities, other investments, short-term investments, credit quality, duration	FY2021-FY2025 and 2Q26	Yes	None	Investment risk and yield durability
Reserves and capital	FY2022 10-K; 4Q23-4Q25 and 2Q26 supplements	loss reserves, equity, debt-to-capital	FY2021-FY2025 and 2Q26	Yes	None	Solvency and balance-sheet durability
Segment reserves and actuarial ranges	June 3, 2026 recast; 2Q26 10-Q and supplement	Case reserves, IBNR, gross reserves, low and high actuarial range	FY2024-FY2025; 2Q26	Yes	None	Segment tail risk and Legacy run-off
Peak catastrophe PML	FY2021-FY2025 10-Ks; 2Q26 supplement	Net probable maximum loss, 1-in-100, net economic loss	FY2021-FY2025 and July 1, 2026	Yes	None	Catastrophe capital at risk
Life-insurance KPIs	FY2025 10-K; 2Q26 supplement	VONB, ANP, PVNBP, EV, CSM, persistency, lapse	None	No	Not applicable to a P&C insurer/reinsurer	Prevents false gaps
Investor day materials	Everest Investor Day page and presentations index	Investor Day, capital markets day, downloads	Investor Day 2023 page identified	No	Not fetched / omitted: both live IR index URLs returned Cloudflare 403 twice; indexed page showed no downloadable file	Management strategy context only

Annual insurer KPI history

KPI family	FY2021	FY2022	FY2023	FY2024	FY2025	Latest interim / TTM	Source
Gross written premiums	13,050	13,952	16,637	18,232	17,706	H1 2026 7,374; derived TTM 16,009	4Q24 presentation p.21; 4Q25 and 2Q26 supplements
Net premiums earned	10,406	11,787	13,443	15,187	15,560	H1 2026 7,064; TTM 14,781	SEC companyfacts; 4Q23-4Q25 supplements; sealed QF
Underwriting gain (loss)	224	477	1,219	-356	211	H1 2026 597; TTM 527	SEC companyfacts; June 3 recast; 2Q26 supplement

KPI family	FY2021	FY2022	FY2023	FY2024	FY2025	Latest interim / TTM	Source
Combined ratio	97.8%	96.0%	90.9%	102.3%	98.6%	H1 2026 91.5%; derived TTM 96.4%	FY2022 10-K; 4Q23-4Q25 and 2Q26 supplements
Total loss ratio	71.0%	68.7%	62.7%	74.4%	69.8%	H1 2026 62.1%	Same official source series
Current-year loss ratio	60.2%	59.8%	59.2%	59.8%	60.3%	H1 2026 59.4%	Same official source series
Prior-year-development ratio	-0.1%	0.0%	0.0% rounded	8.8%	4.2%	H1 2026 -0.5%	Same official source series; favorable is negative
Catastrophe ratio	10.9%	9.0%	3.5%	5.9%	5.3%	H1 2026 3.2%	Same official source series
Commission and brokerage ratio	21.2%	21.4%	22.0%	21.7%	22.2%	H1 2026 23.2%	Same official source series
Other underwriting expense ratio	5.6%	5.8%	6.3%	6.2%	6.6%	H1 2026 6.2%	Same official source series
Attritional combined ratio	87.6%	87.4%	87.6% reported	88.1% reported	89.6% reported	H1 2026 88.9%	4Q23-4Q25 and 2Q26 supplements; profit-commission caveats apply
Net investment income	1,165	830	1,434	1,954	2,124	H1 2026 1,091; TTM 2,192	FY2021 10-K; supplements; sealed bridge
Annualized return on invested assets	5.3%	1.2%	3.3%	4.9%	4.5%	H1 2026 4.7%	FY2021 10-K p.47; 4Q23-4Q25 and 2Q26 supplements
Book yield of fixed maturities	Not separately disclosed; pre-tax yield on average cash and invested assets was 4.4%	3.5%	4.7%	4.7%	4.5%	2Q26 4.5%	FY2021 10-K p.47; 4Q23-4Q25 and 2Q26 supplements
Gross loss and LAE reserves	19,009	22,065	24,604	29,889	34,312	2Q26 34,735	FY2022 10-K; 4Q23-4Q25 and 2Q26 supplements
Total investments and cash	29,673	29,872	37,142	41,531	45,429	2Q26 44,863; excludes about 222 held for sale	4Q24 presentation; 4Q25 and 2Q26 supplements
Shareholders' equity	10,139	8,441	13,202	13,875	15,461	2Q26 15,430	Same official source series
Debt to total capital	20.2% calculated consistently	23.3%	16.3%	15.6%	14.3%	2Q26 14.3%	FY2021-FY2022 10-K balance sheets; supplements; excludes FHLB per issuer definition
Net-income ROE	14.6%	6.0%	20.9%	9.6%	10.5%	2Q26 annualized 14.2%	4Q24 presentation; 4Q25 and 2Q26 supplements
Management TSR	Not located in searched FY2021 sources	5.4%	26.5%	9.2%	13.1%	2Q26 annualized 16.8%	4Q24 presentation; 4Q25 and 2Q26 supplements
Prior-year reserve development, loss impact	-9 favorable	-2 favorable	-5 favorable	about 1,500 unfavorable	657 unfavorable	H1 2026 -33 favorable	FY2022 10-K; June 3 recast; 2Q26 supplement

Interpretive controls: the attritional combined ratios for FY2023-FY2025 include disclosed mortgage profit commissions. Everest states adjusted FY2023, FY2024, and FY2025 group ratios of 86.9%, 87.6%, and 89.4%, respectively, when the identified commissions are excluded. The FY2024 reserve-development figure is rounded in the filing narrative to $1.5 billion. FY2023 prior-year development rounds to 0.0 ratio points but was a $5 million favorable amount.

Investment portfolio composition and credit profile

Invested-asset component	FY2021	FY2022	FY2023	FY2024	FY2025	2Q26
Fixed maturities available for sale	22,308	22,236	27,740	28,908	34,573	34,445
Fixed maturities held to maturity	0; no separate line	839	855	757	567	568
Equity securities	1,826	281	188	217	180	185

Invested-asset component	FY2021	FY2022	FY2023	FY2024	FY2025	2Q26
Other invested assets	2,920	4,085	4,794	5,392	5,796	6,044
Short-term investments	1,178	1,032	2,127	4,707	2,994	2,503
Cash	1,441	1,398	1,437	1,549	1,318	1,117
Total investments and cash	29,673	29,872	37,142	41,531	45,429	44,863

Source: live FY2021 10-K balance sheet; live 4Q23, 4Q24, 4Q25, and 2Q26 Everest financial supplements. Component sums can differ from totals by $1 million because the issuer reports in rounded millions. At 2Q26, available-for-sale fixed maturities were 76.8% of invested assets, other investments were 13.5%, short-term investments were 5.6%, and cash was 2.5%. The fixed-maturity portfolio had AA- average credit quality, 3.5-year average duration, and 1.8% below-BBB exposure (2Q26 supplement pp. 19-20).

Segment reserves and actuarial ranges

Segment	FY2024 gross reserves	FY2024 share	FY2025 gross reserves	FY2025 share	2Q26 gross reserves	2Q26 share
Reinsurance Treaty	17,368	58.1%	20,053	58.4%	20,616	59.4%
Global Wholesale & Specialty	5,019	16.8%	5,935	17.3%	6,134	17.7%
Legacy including A&E	7,502	25.1%	8,324	24.3%	7,985	23.0%
Total	29,889	100.0%	34,312	100.0%	34,735	100.0%

FY2025 actuarial range	As reported	Low range	High range
Reinsurance Treaty	20,053	18,825	21,282
Global Wholesale & Specialty	5,935	5,388	6,482
Legacy excluding A&E	8,114	7,366	8,862
A&E within Legacy	209	164	254
Total gross reserves	34,312	31,743	36,880

Source: live [June 3, 2026 recast](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000027/eg-20260603_d2.htm) and live [2Q26 Form 10-Q](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000032/eg-20260630.htm). The actuarial range is management's disclosed range, not an analyst confidence interval.

Peak catastrophe PML history

Period	Largest disclosed 1-in-100 peril	Net-of-cession PML	Net economic loss	Net economic loss / period-end equity	Source
FY2021	Largest modeled zone; peril not named in the summary sentence	Not separately quoted	Not separately quoted	4.8% disclosed	Live FY2021 10-K
FY2022	Largest modeled zone; peril not named in the summary sentence	Not separately quoted	Not separately quoted	6.9% disclosed	Live FY2022 10-K
FY2023	California earthquake	1,452	1,031	7.8% disclosed	Live 4Q23 supplement p. 16 and FY2023 10-K
FY2024	Southeast U.S. wind	2,174	1,523	11.0% calculated	Live FY2024 10-K
FY2025	Southeast U.S. wind	2,423	1,693	10.9% calculated	Live FY2025 10-K
July 1, 2026	Southeast U.S. wind	1,837	1,249	8.1% calculated on 2Q26 equity	Live 2Q26 supplement p. 22

The PML figures are modeled single-event estimates, net of third-party reinsurance, reinstatement premiums, and estimated income taxes. They are not loss forecasts and remain sensitive to model and portfolio assumptions.

1. Reporting structure and taxonomy

Effective 2026-01-01, Everest replaced its prior Reinsurance, Insurance, and Other structure with three reportable segments: Reinsurance Treaty, Global Wholesale & Specialty, and Legacy. The company retrospectively recast FY2023-FY2025, but did

not publish FY2021-FY2022 under the new taxonomy. No old-taxonomy values are allocated into the new segments.

Current segment	Description	FY2025 NPE	Share of FY2025 NPE	FY2025 GWP	Share of FY2025 GWP
Reinsurance Treaty	Worldwide property, casualty, and specialty treaty reinsurance through brokers and directly with cedents	10,496	67.45%	11,656	65.83%
Global Wholesale & Specialty	Property and casualty insurance written directly and through wholesale/surplus-lines brokers, agents, and programs	2,927	18.81%	3,481	19.66%
Legacy	Divested, held-for-sale, and run-off retail insurance plus sold sports/leisure and discontinued exposures	2,137	13.73%	2,569	14.51%
Consolidated	Three reportable segments	15,560	100.00%	17,706	100.00%

Source: [June 3, 2026 recast](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000027/eg-20260603_d2.htm). The exact common segment metric is issuer-disclosed **Underwriting gain (loss)**. It is not statutory operating income and is not relabeled as such in this package.

Geography: the recast describes offices and distribution across the United States, Bermuda, Canada, Europe, Asia, and South America, but management evaluates segment performance on underwriting results rather than segment balance-sheet or geography-profit data. Search of the live FY2025 10-K and recast for `geographic`, `country`, `region`, `premium by geography`, and `segment profit by geography` did not locate a common recast geographic profit table. Geographic exposure remains qualitative context, not a modeled financial segment.

2. Consolidated historicals

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Total revenue ($B), official	11.866	12.060	14.587	17.281	17.496	Live SEC 10-Ks and official supplements
Contract pre-interest operating subtotal ($B), derived; not issuer-reported	1.616	0.689	2.288	1.642	2.038	Pretax plus disclosed interest expense; FY2025 sealed bridge
Derived subtotal margin on total revenue	13.62%	5.71%	15.69%	9.50%	11.65%	Calculation
Net income ($B)	1.379	0.597	2.517	1.373	1.591	Live SEC 10-Ks
Diluted EPS ($)	34.62	15.19	60.19	31.78	37.80	Official supplements and 10-Ks
Diluted shares (M)	39.3	38.8	41.3	42.7	41.6	Official supplements and 10-Ks
Traditional capex ($B)	0.000 vendor field; not separately reported	0.000 vendor field; not separately reported	0.000 vendor field; not separately reported	0.000 vendor field; not separately reported	0.000 vendor field; not separately reported	Live FMP cash-flow endpoint; official filing does not isolate conventional capex
Analytical FCF ($B)	3.833	3.695	4.553	4.957	3.068	Official OCF less zero conventional capex; not an issuer-defined KPI
Insurer-adjusted ROIC diagnostic	11.59%	5.65%	19.60%	9.38%	9.97%	Calculation below

FMP annual revenue was freshly re-pulled, and the vendor history was $11.328B, $11.985B, $14.464B, $17.076B, and $17.318B for FY2021-FY2025. The FMP FY2025 row reproduces exactly, but the official FY2025 revenue is $17.496B, a $178M or 1.02% difference. The official source controls. FMP `operatingIncome` is not used because it is not comparable with issuer-disclosed underwriting gain or the contract pre-interest subtotal.

ROIC calculation

For this P&C insurer, ordinary industrial-company ROIC is distorted by policyholder float and the operating investment portfolio. The diagnostic below uses `NOPAT / average adjusted capital`, where NOPAT equals the derived pre-interest subtotal multiplied by one minus the official effective tax rate, and adjusted capital equals common equity plus

issuer-defined debt excluding FHLB borrowings. Management ROE remains the primary disclosed return measure.

ROIC component	FY2021	FY2022	FY2023	FY2024	FY2025
Effective tax rate	10.80%	-1.53%	-16.85%	8.04%	15.69%
NOPAT on derived subtotal ($B)	1.441	0.700	2.674	1.510	1.718
Average adjusted capital ($B)	12.432	12.377	13.647	16.106	17.237
Insurer-adjusted ROIC	11.59%	5.65%	19.60%	9.38%	9.97%

3. Segment historicals

The exact financial projection taxonomy is the 2026 recast. FY2021-FY2022 are deliberately left outside the recast series because no official source supports allocating the former segments into the new three-segment structure.

Reinsurance Treaty

Reinsurance Treaty	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Net premiums earned ($B)	Taxonomy boundary	Taxonomy boundary	8.663	10.103	10.496	June 3, 2026 recast
YoY	Not comparable	Not comparable	Base	16.62%	3.89%	Calculation
Underwriting gain (loss) ($B)	Taxonomy boundary	Taxonomy boundary	1.204	1.077	0.902	June 3, 2026 recast
Margin on Underwriting gain (loss)	Not comparable	Not comparable	13.90%	10.66%	8.59%	Calculation

Global Wholesale & Specialty

Global Wholesale & Specialty	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Net premiums earned ($B)	Taxonomy boundary	Taxonomy boundary	2.686	2.889	2.927	June 3, 2026 recast
YoY	Not comparable	Not comparable	Base	7.56%	1.32%	Calculation
Underwriting gain (loss) ($B)	Taxonomy boundary	Taxonomy boundary	0.180	0.036	0.035	June 3, 2026 recast
Margin on Underwriting gain (loss)	Not comparable	Not comparable	6.70%	1.25%	1.20%	Calculation

Legacy

Legacy	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Net premiums earned ($B)	Taxonomy boundary	Taxonomy boundary	2.094	2.194	2.137	June 3, 2026 recast
YoY	Not comparable	Not comparable	Base	4.78%	-2.60%	Calculation
Underwriting gain (loss) ($B)	Taxonomy boundary	Taxonomy boundary	-0.165	-1.468	-0.726	June 3, 2026 recast
Margin on Underwriting gain (loss)	Not comparable	Not comparable	-7.88%	-66.91%	-33.97%	Calculation

3a. Historical statutory-profit bridge and forecast-driver ledger

Exact common segment profit basis: **Underwriting gain (loss)**, issuer-disclosed. Everest does not publish a statutory operating-income subtotal. Under the sealed contract, the complete disclosed operating lines derive a pre-interest operating subtotal that is explicitly **not issuer-reported**. Interest is classified only below the line.

FY2025 ended 2025-12-31

Bridge line	Classification	Value	Source ID	Running subtotal
Reinsurance Treaty	segment profit	902	`sec_2025_recast`	902
Global Wholesale & Specialty	segment profit	35	`sec_2025_recast`	937

Bridge line	Classification	Value	Source ID	Running subtotal
Legacy	segment profit	-726	sec_2025_recast	211
Sum of reportable segment profit	segment profit subtotal	211	sec_2025_recast	211
Consolidated segment profit metric	subtotal	211	sec_2025_recast	211
Net investment income	operating	2,124	sec_2025_10k	2,335
Net gains (losses) on investments	operating	-143	sec_2025_10k	2,192
Corporate expenses	operating	-109	sec_2025_10k	2,083
Other income (expense)	operating	-45	sec_2025_10k	2,038
Sum of displayed operating components	operating subtotal	2,038	sec_2025_10k	2,038
Operating-income bridge residual	operating rounding residual	0	sealed reconciliation	2,038
Contract pre-interest operating subtotal	statutory subtotal derived; not issuer-reported	2,038	sec_2025_10k	2,038
Interest, fee and bond issue cost amortization expense	interest; below line only	-151	sec_2025_10k	1,887
Pretax income	statutory subtotal	1,887	sec_2025_10k	1,887
Income tax expense	tax	-296	sec_2025_10k	1,591
Net income	statutory subtotal	1,591	sec_2025_10k	1,591

FY2025 arithmetic: `902 + 35 - 726 = 211`; `211 + 2,124 - 143 - 109 - 45 = 2,038`; `2,038 - 151 = 1,887`; `1,887 - 296 = 1,591`.

TTM ended 2026-06-30

Bridge line	Classification	Value	Source ID	Running subtotal
Reinsurance Treaty	segment profit	1,209	official_ttm_normalization	1,209
Global Wholesale & Specialty	segment profit	25	official_ttm_normalization	1,234
Legacy	segment profit	-707	official_ttm_normalization	527
Sum of reportable segment profit	segment profit subtotal	527	official_ttm_normalization	527
Consolidated segment profit metric	subtotal	527	official_ttm_normalization	527
Net investment income	operating	2,192	official_ttm_normalization	2,719
Net gains (losses) on investments	operating	-148	official_ttm_normalization	2,571
Corporate expenses	operating	-128	official_ttm_normalization	2,443
Other income (expense)	operating	-53	official_ttm_normalization	2,390
Sum of displayed operating components	operating subtotal	2,390	official_ttm_normalization	2,390
Operating-income bridge residual	operating rounding residual	-1	sealed reconciliation	2,389
Contract pre-interest operating subtotal	statutory subtotal derived; not issuer-reported	2,389	official_ttm_normalization	2,389
Interest, fee and bond issue cost amortization expense	interest; below line only	-146	official_ttm_normalization	2,243
Pretax income	statutory subtotal	2,243	official_ttm_normalization	2,243

Bridge line	Classification	Value	Source ID	Running subtotal
Income tax expense	tax	-330	official_ttm_normalization	1,913
Net income	statutory subtotal	1,913	official_ttm_normalization	1,913

TTM arithmetic: segment profit is `1,209 + 25 - 707 = 527`. Displayed operating components sum to $2,390M, while the independently derived pre-interest endpoint is `2,243 + 146 = 2,389`; the sealed negative $1M residual is within the $1.1M tolerance. Then `2,389 - 146 = 2,243` and `2,243 - 330 = 1,913`.

Forecast-driver ledger

Historical bridge line	FY2025	TTM	Forecast treatment	Driver and source	Bear / base / bull rule
Net investment income	2,124	2,192	Independently forecast investment income	Average invested assets times portfolio yield; 2Q26 supplement pp. 6 and 17	Bear lower assets/yield; base current reinvestment curve; bull higher assets/yield
Net gains (losses) on investments	-143	-148	Separate volatile below-core operating item	Scenario-specific percentage of average investments; SEC statements	Bear realized losses; base zero through-cycle; bull modest gains
Corporate expenses	-109	-128	Independently forecast operating expense	Run-rate with wage/inflation scaling; SEC filings	Bear above-inflation growth; base inflation; bull operating leverage
Other income (expense)	-45	-53	Fixed/identified transaction items plus normalized residual	SEC transaction disclosures; do not blend with interest	Bear recurring expense; base normalize toward zero; bull limited benefit only when source-supported
Operating-income bridge residual	0	-1	Zero after disclosed-million rounding	Sealed reconciliation tolerance	Zero in all scenarios; not a plug
Interest, fee and bond issue cost amortization expense	-151	-146	Interest-rate/debt schedule	Senior notes, long-term notes, and FHLB schedule; 2Q26 supplement p. 18	Bear higher funding cost; base current debt; bull modest deleveraging
Income tax expense	-296	-330	Tax-rate schedule	Jurisdictional profit mix and statutory filings	Bear higher effective rate; base normalized multi-year rate; bull only source-supported benefit

STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING

4. Product and sub-segment historicals

Everest discloses line-of-business **gross written premium**, not product revenue or product underwriting gain. No dollars are back-solved. The current taxonomy has official line-of-business dollars for FY2025, H1 2026, and quarterly periods in the 2Q26 supplement.

Reinsurance Treaty line-of-business GWP

Segment	Product / line	What it is	FY2025 GWP	H1 2026 GWP	2Q26 GWP	Source
Reinsurance Treaty	Property Pro Rata	Proportional property treaties	4,295	2,234	1,130	2Q26 supplement p. 12
Reinsurance Treaty	Property Catastrophe XOL	Catastrophe excess-of-loss treaties	2,347	1,075	531	2Q26 supplement p. 12
Reinsurance Treaty	Property Non-Catastrophe XOL	Non-cat property excess-of-loss	587	231	122	2Q26 supplement p. 12
Reinsurance Treaty	Casualty Pro Rata	Proportional casualty treaties	2,717	1,090	559	2Q26 supplement p. 12
Reinsurance Treaty	Casualty XOL	Casualty excess-of-loss treaties	829	333	156	2Q26 supplement p. 12
Reinsurance Treaty	Financial lines	Mortgage and other financial-line treaties	881	432	222	2Q26 supplement p. 12

Global Wholesale & Specialty line-of-business GWP

Segment	Product / line	What it is	FY2025 GWP	H1 2026 GWP	2Q26 GWP	Source
Global Wholesale & Specialty	Property / Short Tail	Property, inland marine, and other short-tail policies	1,065	585	322	2Q26 supplement p. 14

Segment	Product / line	What it is	FY2025 GWP	H1 2026 GWP	2Q26 GWP	Source
Global Wholesale & Specialty	Specialty Casualty	General liability, auto liability, umbrella, and excess liability	1,056	461	244	2Q26 supplement p. 14
Global Wholesale & Specialty	Other Specialty	Surety, trade credit, political risk/violence, marine, energy, construction, aviation	467	255	142	2Q26 supplement p. 14
Global Wholesale & Specialty	Accident and Health	Accident, medical stop-loss, short-term medical, supplemental health	438	204	105	2Q26 supplement p. 14
Global Wholesale & Specialty	Professional Liability	D&O, E&O, cyber, and ancillary financial lines	349	204	126	2Q26 supplement p. 14
Global Wholesale & Specialty	Workers' Compensation	Guaranteed-cost and loss-sensitive workers' compensation	107	42	20	2Q26 supplement p. 14

Legacy has no product-level dollar table under the current recast taxonomy. The June 3 recast and 2Q26 supplement were searched for `Legacy gross written premium by line`, `line of business`, `commercial retail`, `sports and leisure`, and named product headings. Only the segment total was located; this is a true non-disclosure for current-taxonomy product dollars.

Disclosed comparable-basis product growth in 2Q26

Segment	Product	Disclosure method	2Q26 YoY growth	Source
Reinsurance Treaty	Property Pro Rata	Constant currency, excluding reinstatement premiums	3.4%	2Q26 SEC earnings release dated 2026-07-29
Reinsurance Treaty	Property Catastrophe XOL	Constant currency, excluding reinstatement premiums	-6.8%	Same source
Reinsurance Treaty	Property Non-Catastrophe XOL	Constant currency, excluding reinstatement premiums	-9.2%	Same source
Reinsurance Treaty	Casualty Pro Rata	Constant currency, excluding reinstatement premiums	-22.8%	Same source
Reinsurance Treaty	Casualty XOL	Constant currency, excluding reinstatement premiums	-25.0%	Same source
Global Wholesale & Specialty	Other Specialty	Constant currency	10.1%	Same source
Global Wholesale & Specialty	Professional Liability	Constant currency	8.6%	Same source
Global Wholesale & Specialty	Accident and Health	Constant currency	2.9%	Same source
Global Wholesale & Specialty	Specialty Casualty	Constant currency	-7.2%	Same source
Global Wholesale & Specialty	Workers' Compensation	Constant currency	-16.7%	Same source

5. Most recent quarterly trend

Everest's FY ends December 31. Most recently completed fiscal quarter at time of writing: FY26 Q2, covering 2026-04-01 through 2026-06-30, reported on 2026-07-29 via [SEC-filed earnings release](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000029/everest2q26earningsrelease.htm).

Revenue below means segment net premiums earned. Margin is the issuer's exact `Underwriting gain (loss)` divided by NPE, not an operating margin.

Reinsurance Treaty

Quarter	NPE ($B)	YoY	Underwriting gain margin	Source
3Q25	2.579	-1.49%	12.99%	2Q26 supplement p. 11; released 2026-07-29
4Q25	2.611	-0.91%	10.53%	Same source
1Q26	2.456	-4.77%	12.83%	Same source
2Q26	2.459	-9.80%	11.51%	Same source

Global Wholesale & Specialty

Quarter	NPE ($B)	YoY	Underwriting gain margin	Source
3Q25	0.737	-0.54%	4.48%	2Q26 supplement p. 13; released 2026-07-29
4Q25	0.730	-2.01%	-8.90%	Same source
1Q26	0.719	-1.78%	3.20%	Same source
2Q26	0.709	-2.61%	4.80%	Same source

Legacy

Quarter	NPE ($B)	YoY	Underwriting gain margin	Source
3Q25	0.539	-3.58%	-92.39%	2Q26 supplement p. 15; released 2026-07-29
4Q25	0.521	-4.40%	-28.79%	Same source
1Q26	0.399	-26.11%	-5.51%	Same source
2Q26	0.323	-39.96%	-11.15%	Same source

The largest segment's latest headline check passed against the live [2Q26 SEC earnings release](https://www.sec.gov/Archives/edgar/data/1095073/000109507326000029/everest2q26earningsrelease.htm), dated 2026-07-29: Reinsurance Treaty GWP decreased 9.1% YoY on a comparable basis. This is a GWP measure and is not substituted for the NPE decline shown above.

6. Management commentary on forward growth

All excerpts below were verified against live FMP transcript pulls. Dates matched the expected fiscal periods: Q3 FY2025 on 2025-10-28, Q4 FY2025 on 2026-02-05, Q1 FY2026 on 2026-04-30, and Q2 FY2026 on 2026-07-30. Excerpts are intentionally short; interpretation is separate from the quotation.

Reinsurance Treaty

Fiscal period / call date	Speaker	Verbatim excerpt	Topic	Modeling interpretation
Q3 FY2025 / 2025-10-28	James Williamson, CEO	“Everest is a preferred partner”	Market position	Supports selective deployment, not volume growth at any price
Q4 FY2025 / 2026-02-05	James Williamson, CEO	“above our required technical price”	January renewals	Softening rates remained above internal hurdle at that renewal
Q1 FY2026 / 2026-04-30	James Williamson, CEO	“expected returns ... remain above our thresholds”	April renewals	Forecast should allow premium contraction while preserving margin
Q2 FY2026 / 2026-07-30	Elias Habayeb, CFO	“attritional loss ratio ... in the mid-50s”	Near-term treaty loss pick	Direct base-case anchor; stress market softening and casualty mix

Global Wholesale & Specialty

Fiscal period / call date	Speaker	Verbatim excerpt	Topic	Modeling interpretation
Q3 FY2025 / 2025-10-28	James Williamson, CEO	“top and bottom line growth”	Investment in retained specialty business	Growth is an aspiration; current NPE is still declining modestly
Q4 FY2025 / 2026-02-05	James Williamson, CEO	“increase underwriting profitability over the course of 2026”	Mix improvement	Base case should show gradual margin repair, not an immediate step-up
Q1 FY2026 / 2026-04-30	James Williamson, CEO	“improve as we scale the business”	Expense ratio	Operating leverage is a forecast driver but requires premium growth
Q2 FY2026 / 2026-07-30	Elias Habayeb, CFO	“same neighborhood as where we were this quarter”	Near-term attritional loss ratio	Anchors near-term loss ratio near 2Q26; avoid premature best-in-class margins

Legacy

Fiscal period / call date	Speaker	Verbatim excerpt	Topic	Modeling interpretation
Q3 FY2025 / 2025-10-28	James Williamson, CEO	“position of significant excess capital”	Divestiture and reserve actions	Capital release is expected but timing and reserve volatility matter
Q4 FY2025 / 2026-02-05	Mark Kociancic, then-CFO	“combined ratio above 110% in 2026”	Legacy/Other run-off	Legacy remains loss-making despite shrinking earned premium
Q1 FY2026 / 2026-04-30	James Williamson, CEO	“capital release ... visible in the back half of 2026”	Retail transition	Timing anchor for capital return; do not book full benefit upfront
Q2 FY2026 / 2026-07-30	Elias Habayeb, CFO	“become an immaterial contributor to earnings”	Run-off endpoint	Segment should shrink, but reserve tail remains a separate risk schedule

The most recent investor-day page identified was Investor Day 2023. No live downloadable transcript or presentation was available through the current index, and direct IR index fetches returned Cloudflare 403 after the required identical retry. This absence is recorded as `Not fetched / omitted`, not as a claim that no investor-day material exists.

7. Capital allocation history

Year	Capex ($B)	Capex / revenue	R&D ($B)	R&D / revenue	Buybacks ($B)	Dividends ($B)	M&A cash outflow ($B)	Source
FY2021	0.000 vendor field; not separately reported	0.0% diagnostic	Not applicable	Not applicable	0.225	0.247	0.000	Live FMP; SEC companyfacts repurchase control
FY2022	0.000 vendor field; not separately reported	0.0% diagnostic	Not applicable	Not applicable	0.061	0.255	0.000	Same source set
FY2023	0.000 vendor field; not separately reported	0.0% diagnostic	Not applicable	Not applicable	0.000 official	0.288	0.000	FY2025 10-K comparative; FMP's $23M is rejected
FY2024	0.000 vendor field; not separately reported	0.0% diagnostic	Not applicable	Not applicable	0.200	0.334	0.000	FY2025 10-K and live FMP
FY2025	0.000 vendor field; not separately reported	0.0% diagnostic	Not applicable	Not applicable	0.797	0.335	0.000	FY2025 10-K; FMP's $818M is rejected

Traditional industrial capex and R&D are not meaningful separately disclosed lines for this insurer. The analytical FCF convention in Section 2 preserves the vendor zero-capex field but explicitly does not call it an issuer-defined FCF measure. Divestitures and the ADC are discussed as corporate actions, not mislabeled as acquisition cash outflows.

8. Balance sheet snapshot

Item	FY2025 ($B)	2Q26 update ($B)	Source
Cash and equivalents	1.318	1.117	4Q25 and 2Q26 supplements
Short-term investments	2.994	2.503	4Q25 and 2Q26 supplements
Total investments and cash	45.429	44.863	Same source; 2Q26 excludes about $0.222B held for sale
Total debt including FHLB	3.589	3.589	Senior notes + long-term notes + FHLB
Net debt using cash only	2.271	2.472	Calculation
Net debt / FMP EBITDA diagnostic	1.10x	Not used	Live FY2025 FMP key metrics; not a primary insurer leverage measure
Goodwill	0.000	0.000	Live FMP and official face statements
Separately quantified intangibles	0.000 on face	0.000 on face	Official statements; FMP's $1.546B field maps to deferred acquisition costs and is rejected as goodwill/intangibles
Tangible book value diagnostic	15.461	15.430	Equity less no separately quantified goodwill/intangibles
Gross loss and LAE reserves	34.312	34.735	Official supplements

Item	FY2025 ($B)	2Q26 update ($B)	Source
Shareholders' equity	15.461	15.430	Official supplements
Debt to total capital	14.3%	14.3%	Issuer definition excludes FHLB borrowings

The balance-sheet ratio most aligned with management's disclosures is debt to total capital, not net-debt/EBITDA. Invested assets and insurance reserves are operating assets and liabilities; subtracting the entire investment portfolio as excess cash would be economically wrong.

9. Recent corporate actions

- 2025-10-26 effective date: Everest entered two adverse-development reinsurance agreements covering North American liabilities in Global Wholesale & Specialty and Legacy for accident years 2024 and prior. The 2Q26 10-Q and supplement describe the $1.2B gross limit and related accounting.
- 2025-10: Everest agreed to sell renewal rights for selected U.S., U.K., E.U., and Asia-Pacific commercial retail insurance lines to AIG. The portfolio transition drives the new Legacy segment, restructuring costs, and capital-release thesis.
- 2026-01-01: the company adopted the Reinsurance Treaty, Global Wholesale & Specialty, and Legacy reporting structure. The June 3, 2026 Form 8-K retrospectively recast FY2023-FY2025.
- 2026-03-22: Everest agreed to sell Everest Canada to Wawanesa for C$410M, subject to adjustments and approvals; closing is expected in the second half of 2026.
- 2026-05-19: Everest agreed to sell Everest Colombia to AIG; closing is expected in early 2027. Canada and Colombia assets and liabilities were held for sale at 2Q26.
- 2026-06-17: Everest and Stone Point launched Annapurna Re, a collateralized reinsurance sidecar. The 2Q26 filing shows increased third-party cessions and describes the vehicle as segregating third-party funded risks from Everest's general account.
- H1 2026: Everest repurchased $725M of shares, including $395M in 2Q26, while common shares and diluted averages fell. Management stated that share repurchases remained a top capital-allocation priority.

10. Open data gaps and source-control notes

Classification	Dataset / issue	Exact sources and searches	Consequence
True non-disclosure	FY2021-FY2022 economics under the 2026 three-segment taxonomy	June 3 recast and FY2025 10-K searched for `retrospective`, `2021`, `2022`, and each new segment	Do not allocate old segments; current taxonomy starts FY2023
True non-disclosure	Legacy line-of-business GWP under current taxonomy	June 3 recast and 2Q26 supplement searched for `Legacy`, `line of business`, named retail lines, and `gross written premiums`	Model Legacy at segment level only
True non-disclosure	Current-taxonomy FY2021-FY2024 product dollars	Recast and 2Q26 supplement product tables searched; only FY2025 annual plus quarterly/H1 2026 was published	No back-solving; product history is shorter than segment history
True non-disclosure	Geographic segment profit or common geographic underwriting table	FY2025 10-K and recast searched for `geographic`, `country`, `region`, and profit terms	Geography stays qualitative
True non-disclosure	Traditional capex and R&D	Five annual cash-flow statements and FMP fields searched for capex, PP&E, R&D	Zero vendor field is diagnostic only; insurer FCF is not issuer-defined
True non-disclosure	FY2021 management TSR in the reviewed current history	FY2021 10-K and 4Q24 presentation searched for management TSR and adjusted BVPS return	FY2021 TSR remains blank; no estimate inserted
Not fetched / omitted	Latest investor-day transcript or deck	`https://investors.everestglobal.com/events-and-presentations/investor-day/default.aspx` and presentations index; both returned Cloudflare 403 twice	Four live earnings-call transcripts supply current management anchors
Not fetched / omitted	Guessed SEC Q3 FY2025 earnings-release exhibit path	Exact guessed exhibit URL returned 404 twice; no cached file used	Q3 call uses live FMP transcript; 3Q25 figures use the official 2Q26 supplement

Classification	Dataset / issue	Exact sources and searches	Consequence
Estimated	TTM GWP, TTM combined ratio, insurer-adjusted ROIC, and analytical FCF	Formulas disclosed in the relevant sections	These are calculations, not issuer KPIs
Not applicable	VONB, ANP, PVNBP, embedded value, CSM, persistency, lapse	FY2025 10-K and 2Q26 supplement searched using life-insurer checklist terms	Everest is a P&C insurer/reinsurer

Three required live self-checks

Check	Live evidence	Result
Latest headline growth for largest segment	2Q26 SEC earnings release states Reinsurance Treaty GWP decreased 9.1% YoY on a comparable basis	PASS; URL and archived file recorded
Load-bearing management quote	Q2 FY2026 FMP transcript dated 2026-07-30 contains the CFO statement about buying more than $300M per quarter	PASS; transcript date is one day after release
FY2025 FMP revenue	Live annual income endpoint returned $17.318B exactly as archived	PASS for endpoint reproduction; official $17.496B differs by $178M or 1.02% and controls

Sealed statutory bridge SHA-256: `307ca56bdbe5ea78ae0617e3547a5d6b4a29b88ac2155f9e0a16b7352320f883`.