

EVEREST REINSURANCE HOLDINGS INC
Form 10-Q
August 15, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED: Commission file number:
June 30, 2016 1-14527

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

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

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

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

YESX NO

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

YESX NO

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

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

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

YES NOX

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

<u>Class</u>	<u>Number of Shares Outstanding At August 1, 2016</u>
Common Shares, \$0.01 par value	1,000

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

EVEREST REINSURANCE HOLDINGS, INC.

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EVEREST REINSURANCE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par value per share)	June 30, 2016 (unaudited)	December 31, 2015
ASSETS:		
Fixed maturities - available for sale, at market value (amortized cost: 2016, \$5,617,412; 2015, \$5,335,472)	\$5,768,749	\$ 5,356,477
Fixed maturities - available for sale, at fair value	-	2,102
Equity securities - available for sale, at fair value	976,879	1,215,377
Short-term investments	387,705	563,536
Other invested assets (cost: 2016, \$604,512; 2015, \$450,154)	604,512	450,154
Other invested assets, at fair value	1,772,458	1,773,214
Cash	229,927	155,429
Total investments and cash	9,740,230	9,516,289
Note receivable - affiliated	250,000	250,000
Accrued investment income	42,454	41,727
Premiums receivable	1,119,371	1,129,656
Reinsurance receivables - unaffiliated	814,866	716,982
Reinsurance receivables - affiliated	3,676,433	3,742,105
Funds held by reinsureds	185,170	176,712
Deferred acquisition costs	72,696	92,651
Prepaid reinsurance premiums	750,713	772,686
Other assets	272,767	256,395
TOTAL ASSETS	\$ 16,924,700	\$ 16,695,203
LIABILITIES:		
Reserve for losses and loss adjustment expenses	\$8,247,764	\$ 7,940,720
Unearned premium reserve	1,264,499	1,349,799
Funds held under reinsurance treaties	106,611	101,531
Losses in the course of payment	128,048	125,592
Commission reserves	61,254	51,873
Other net payable to reinsurers	860,872	1,225,260
4.868% Senior notes due 6/1/2044	396,654	396,594
6.6% Long term notes due 5/1/2067	236,413	236,364
Accrued interest on debt and borrowings	3,537	3,537
Income taxes	138,621	68,024
Unsettled securities payable	59,891	15,040
Other liabilities	256,483	249,658
Total liabilities	11,760,647	11,763,992
Commitments and Contingencies (Note 5)		
STOCKHOLDER'S EQUITY:		
Common stock, par value: \$0.01; 3,000 shares authorized; 1,000 shares issued and outstanding (2016 and 2015)	-	-
Additional paid-in capital	382,537	374,789
Accumulated other comprehensive income (loss), net of deferred income tax expense		

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(benefit) of \$29,988 at 2016 and (\$33,458) at 2015	55,682	(62,136)
Retained earnings	4,725,834	4,618,558
Total stockholder's equity	5,164,053	4,931,211
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 16,924,700	\$ 16,695,203

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

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

(Dollars in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2016 (unaudited)	2015	June 30, 2016 (unaudited)	2015
REVENUES:				
Premiums earned	\$488,855	\$521,424	\$970,780	\$1,042,486
Net investment income	73,872	70,925	132,317	143,506
Net realized capital gains (losses):				
Other-than-temporary impairments on fixed maturity securities	(1,391)	(8,810)	(24,406)	(32,931)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	-	-	-	-
Other net realized capital gains (losses)	30,556	60,035	(12,806)	105,452
Total net realized capital gains (losses)	29,165	51,225	(37,212)	72,521