

EVEREST RE GROUP LTD
Form DEF 14A
April 15, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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

Filed by the Registrant
Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
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Everest Re Group, Ltd.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

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EVEREST RE GROUP, LTD.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 19, 2010

TO THE SHAREHOLDERS OF EVEREST RE GROUP, LTD.:

The Annual General Meeting of Shareholders of Everest Re Group, Ltd. (the "Company"), a Bermuda company, will be held at Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda on May 19, 2010 at 11:00 a.m., local time, for the following purposes:

1. To elect Kenneth J. Duffy and Joseph V. Taranto as Class II directors of the Company, each to serve for a three-year period to expire at the 2013 Annual General Meeting of Shareholders or until such director's successor shall have been duly elected or appointed or until such director's office is otherwise vacated.
2. To appoint PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm to act as the Company's auditor for the year ending December 31, 2010 and authorize the Company's Board of Directors, acting through its Audit Committee, to set the fees for the independent registered public accounting firm acting as the Company's auditor.
3. To consider and approve the Everest Re Group, Ltd. 2010 Stock Incentive Plan, as described in the attached proxy statement.
4. To consider and act upon such other business, if any, as may properly come before the meeting and any and all adjournments thereof.

The Company's financial statements for the year ended December 31, 2009, together with the report of the Company's independent registered public accounting firm in respect of those financial statements, as approved by the Company's Board of Directors, will be presented at this Annual General Meeting.

Only shareholders of record identified in the Company's Register of Members at the close of business on March 26, 2010 are entitled to notice of, and vote at, the Annual General Meeting.

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

By Order of the Board of Directors
Sanjoy Mukherjee
Senior Vice President, General Counsel and Secretary

April 15, 2010
Hamilton, Bermuda

EVEREST RE GROUP, LTD.

PROXY STATEMENT

ANNUAL GENERAL MEETING OF SHAREHOLDERS

MAY 19, 2010

TABLE OF CONTENTS

	PAGE
<u>GENERAL INFORMATION</u>	1
<u>PROPOSAL NO. 1 – ELECTION OF DIRECTORS</u>	2
<u>Information Concerning Nominees</u>	2
<u>Information Concerning Continuing Directors and Executive Officers</u>	3
<u>THE BOARD OF DIRECTORS AND ITS COMMITTEES</u>	5
<u>Board Leadership Structure</u>	6
<u>Board Role in Risk Oversight</u>	6
<u>Audit Committee</u>	6
<u>Compensation Committee</u>	7
<u>Nominating and Governance Committee</u>	7
<u>Audit Committee Report</u>	8
<u>Compensation Committee Report</u>	10
<u>Code of Ethics for CEO and Senior Financial Officers</u>	10
<u>Shareholder and Interested Party Communications with Directors</u>	10
<u>COMMON SHARE OWNERSHIP BY DIRECTORS AND EXECUTIVE OFFICERS</u>	11
<u>PRINCIPAL BENEFICIAL OWNERS OF COMMON SHARES</u>	12
<u>DIRECTORS' COMPENSATION</u>	12
<u>Annual Retainer</u>	12
<u>Share Awards</u>	12
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	13
<u>Summary Compensation Table</u>	18
<u>2009 Grants of Plan-Based Awards</u>	19
<u>Outstanding Equity Awards at Fiscal Year-End 2009</u>	20
<u>2009 Option Exercises and Shares Vested</u>	21
<u>2009 Pension Benefits Table</u>	22
<u>2009 Non-Qualified Deferred Compensation Table</u>	23
<u>EMPLOYMENT AND CHANGE OF CONTROL AGREEMENTS</u>	24
<u>Potential Payments Upon Termination or Change in Control</u>	26

<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	29
<u>CERTAIN TRANSACTIONS WITH DIRECTORS</u>	29
<u>PROPOSAL NO. 2 – APPOINTMENT OF INDEPENDENT AUDITORS</u>	30
<u>PROPOSAL NO. 3 – APPROVAL OF THE EVEREST RE GROUP, LTD. 2010 STOCK INCENTIVE PLAN</u>	30
<u>MISCELLANEOUS – GENERAL MATTERS</u>	36
<u>APPENDIX A</u>	A-1
<u>APPENDIX B</u>	B-1

Table of Contents

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 19, 2010 at Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda at 11:00 a.m.

The proxy statement and annual report to shareholders are available at
<http://www.everestre.com/re-group/proxy.shtml>

EVEREST RE GROUP, LTD.

Proxy Statement

ANNUAL GENERAL MEETING OF SHAREHOLDERS

May 19, 2010

GENERAL INFORMATION

The enclosed Proxy Card is being solicited on behalf of the Board of Directors (the “Board”) for use at the 2010 Annual General Meeting of Shareholders of Everest Re Group, Ltd., a Bermuda company (the “Company”), to be held on May 19, 2010, and at any adjournment thereof. It may be revoked at any time before it is exercised by giving a later-dated proxy, notifying the Secretary of the Company in writing at the Company’s registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, or by voting in person at the Annual General Meeting. All shares represented at the meeting by properly executed proxies will be voted as specified and, unless otherwise specified, will be voted: (1) for the election of Kenneth J. Duffy and Joseph V. Taranto as Class II directors of the Company; (2) for the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm to act as the Company’s auditor for 2010 and for authorizing the Company’s Board of Directors acting through its Audit Committee to set the fees for the independent registered public accounting firm serving as the Company’s auditor; and (3) for the approval of the Everest Re Group, Ltd. 2010 Stock Incentive Plan.

Only shareholders of record at the close of business on March 26, 2010 will be entitled to vote at the meeting. On that date, 63,950,689 Common Shares, par value \$.01 per share (“Common Shares”), were outstanding and entitled to vote. This includes 5,028,215 Common Shares held by Everest Reinsurance Holdings, Inc. (“Everest Holdings”), the Company’s predecessor and current subsidiary. Except as may be provided in the Company’s Bye-laws, each Common Share is entitled to one vote.

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

This Proxy Statement, the attached Notice of Annual General Meeting, the Annual Report of the Company for the year ended December 31, 2009 (including financial statements) and the enclosed Proxy Card are first being mailed to the Company’s shareholders on or about April 15, 2010.

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

Table of Contents

The Company knows of no specific matter to be brought before the Annual General Meeting that is not referred to in the attached Notice of Annual General Meeting of Shareholders and this Proxy Statement. If any such matter comes before the meeting, including any shareholder proposal properly made, the proxy holders will vote proxies in accordance with their best judgment with respect to such matters. To be properly made, a shareholder proposal must comply with the Company's Bye-laws and, in order for any matter to come before the meeting, it must relate to matters referred to in the attached Notice of Annual General Meeting.

PROPOSAL NO. 1—ELECTION OF DIRECTORS

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

The Company's Bye-laws provide for the division of the Board into three classes, with the directors in each class serving for a term of three years. At the 2010 Annual General Meeting, two nominees for Class II director positions are to be elected to serve until the 2013 Annual General Meeting of Shareholders or until their qualified successors are elected or until such director's office is otherwise vacated. At its regularly scheduled meeting on February 24, 2010, the Nominating and Governance Committee recommended to the Board the nominations of Kenneth J. Duffy and Joseph V. Taranto as Class II directors. Mr. Duffy and Mr. Taranto are currently Class II directors of the Company.

On February 24, 2010, the Board accepted the Nominating and Governance Committee recommendations, and the nominees have accepted their nominations for the Class II director positions. It is not expected that any of the nominees will become unavailable for election as a director, but if any nominee should become unavailable prior to the meeting, proxies will be voted for such persons as the Board shall recommend, unless the Board reduces the number of directors accordingly. There are no arrangements or understandings between any director, or any nominee for election as a director, and any other person pursuant to which such person was selected as a director or nominee.

The Class III director positions will be subject to election at the 2011 Annual General Meeting and the Class I director positions will be subject to election at the 2012 Annual General Meeting.

Information Concerning Nominees

The following information has been furnished by the respective nominees for election of Class II directors for terms expiring in 2013.

Kenneth J. Duffy, 80, became a Class II director of Everest Holdings on March 12, 1996 and served as a director of Everest Reinsurance Company ("Everest Re") from March 1996 to February 2000. Thereafter he became a director of the Company upon the restructuring of Everest Holdings. Mr. Duffy is a retired insurance executive. He served with the insurance holding company, Commercial Union Corporation, and its parent company, CGU plc, from 1948 until his retirement in 1999. He was President and Chief Executive Officer of Commercial Union Corporation from January 1985 to January 1995, Chairman and Chief Executive Officer from January 1993 to January 1995, Chairman from January 1995 to October 1998 and Senior Advisor to CGU plc from October 1998 to December 1999. Until December 1999, he was also a director of Commercial Union Canada Holdings, Ltd. and the President and a director of Curepool (Bermuda) Ltd. He is also a vice president of the Insurance Institute of London and a fellow of the Institute of Risk Management. Mr. Duffy was selected to serve on the Board because of his experience as a public company insurance industry executive and director.

Table of Contents

Joseph V. Taranto, 61, a Class II director, became Chairman of the Board and Chief Executive Officer of Everest Holdings and Everest Re on October 17, 1994 and served as President of both companies from December 1994 until February 24, 1997. On February 24, 2000, he became Chairman of the Board and Chief Executive Officer of the Company upon the restructuring of Everest Holdings. Mr. Taranto also serves as Chairman and Chief Executive Officer of Everest Holdings and from March 14, 2000 until June of 2007, he served as Chairman of Everest Reinsurance (Bermuda), Ltd. (“Bermuda Re”). Between 1986 and 1994, Mr. Taranto was a director and President of Transatlantic Holdings, Inc. and a director and President of Transatlantic Reinsurance Company and Putnam Reinsurance Company (both subsidiaries of Transatlantic Holdings, Inc.). Mr. Taranto was selected to serve on the Board because of his significant knowledge of the Company’s operations and the insurance and reinsurance industries.

Information Concerning Continuing Directors and Executive Officers

The following information has been furnished by those directors whose terms of office will continue after the Annual General Meeting and by the other executive officers. Executive officers are elected by the Board following each Annual General Meeting and serve at the pleasure of the Board.

Martin Abrahams, 77, became a Class I director of Everest Holdings on March 12, 1996 and served as a director of Everest Re from March 1996 to February 2000. Thereafter he became a director of the Company upon the restructuring of Everest Holdings. Mr. Abrahams, currently retired, served with the accounting firm of Coopers & Lybrand L.L.P., a predecessor of PricewaterhouseCoopers LLP, from 1957 to 1995. He was a partner at that firm from 1969 to 1995. Mr. Abrahams was selected to serve on the Board because of his extensive financial experience at a public accounting firm.

John R. Dunne, 80, became a Class I director of Everest Holdings on June 10, 1996 and served as a director of Everest Re from June 1996 to February 2000. Thereafter he became a director of the Company upon the restructuring of Everest Holdings. Mr. Dunne is an attorney and member of the bars of New York and the District of Columbia. Since 1994 he has been counsel to the law firm of Whiteman Osterman & Hanna LLP in Albany, New York. From 1995 to 2007, Mr. Dunne served as a director of Aviva Life Insurance Company of New York. Mr. Dunne was a director of CGU Corporation, an insurance holding company, from 1993 until 2001. Mr. Dunne was counsel to the Washington, D.C. law firm of Bayh, Connaughton & Malone from 1993 to 1994. From 1990 to 1993, he served as an Assistant Attorney General at the United States Department of Justice. From 1966 to 1989, Mr. Dunne served as a New York State Senator while concurrently practicing law as a partner in New York law firms. Mr. Dunne was selected to serve on the Board because of his legal and governmental experience as well as his experience serving on the boards of insurance companies.

William F. Galtney, Jr., 57, became a Class III director of Everest Holdings on March 12, 1996 and served as a director of Everest Re from March 1996 to February 2000. Thereafter he became a director of the Company upon the restructuring of Everest Holdings. Since February 1, 2006 he has been President of Galtney Enterprises, Inc. Since April 1, 2005, he has served as Chairman of Oxford Insurance Services Limited, a managing general and surplus lines agency. Prior thereto, he was President (from June 2001 until December 31, 2004) and Chairman (until March 31, 2005) of Gallagher Healthcare Insurance Services, Inc. (“GHIS”), a wholly-owned subsidiary of Arthur J. Gallagher & Co. (“Gallagher”). From 1983 until its acquisition by Gallagher in June 2001, Mr. Galtney was the Chairman and Chief Executive Officer of Healthcare Insurance Services, Inc. (predecessor to GHIS), a managing general and surplus lines agency previously indirectly owned by The Galtney Group, Inc. Mr. Galtney is also Managing Member, President and Director of Galtney Group, LLC and was a director of Mutual Risk Management Ltd. from 1988 to 2002. During 2007, Mr. Galtney assumed the directorship of Intercare Holdings, Inc. and Intercare Solutions Holdings, Inc. Mr. Galtney was selected to serve on the Board because of his experience as an insurance industry executive and director.

Table of Contents

Roger M. Singer, 63, was appointed a Class III director of the Company on February 24, 2010. Mr. Singer, currently retired, was the Senior Vice President, General Counsel and Secretary to OneBeacon Insurance Group LLC (formerly known as CGU Corporation) and its predecessors, CGU Corporation and Commercial Union Corporation from August of 1989 through December 2005. He continued to serve as director and consultant to OneBeacon Insurance Group LLC and its twelve subsidiary insurance companies through December 2006. Mr. Singer served with the Commonwealth of Massachusetts as the Commissioner of Insurance from July 1987 through July 1989 and as First Deputy Commissioner of Insurance from February 1985 through July 1987. He has also held various positions in branches of the federal government including the Office of Consumer Affairs and Business Regulation, the Consumer Protection Division and the Federal Trade Commission. Mr. Singer was selected to serve on the Board because of his legal experience and experience as an insurance industry regulator and insurance executive.

John A. Weber, 65, became a Class I director on May 22, 2003. Since December 2002, he has been the Managing Partner of Copley Square Capital Management, LLC, a private partnership and Securities and Exchange Commission (“SEC”) registered investment adviser, which provides investment management and strategic advisory services to institutions. From 1990 through 2002, Mr. Weber was affiliated with One Beacon Insurance Group LLC and its predecessor companies. During that affiliation, he became the Managing Director and Chief Investment Officer of One Beacon Insurance Companies and the President of One Beacon Asset Management, Inc. (formerly known as CGU Asset Management, Inc.). From 1988 through 1990, Mr. Weber was the Chief Investment Officer for Provident Life Accident Insurance Company and from 1972 through 1988 was associated with Connecticut Mutual Life Insurance Company (“Connecticut Mutual”) and its affiliate, State House Capital Management Company (“State House”), eventually serving as Senior Vice President of Connecticut Mutual and President of State House. Mr. Weber was selected to serve on the Board because of his experience as an insurance industry executive and investment adviser.

Dominic Addesso, 56, became Executive Vice President and Chief Financial Officer of the Company on May 8, 2009. In May 2009, he also became a director, Executive Vice President and Chief Financial Officer of Everest Re and Everest Holdings, and the Chairman and Chief Executive Officer of Everest Global Services, Inc. (“Everest Global”) in October 2009. In 2009, he became a director of Bermuda Re and Everest Re Advisors, Ltd. (“Everest Re Advisors”). In September 2009, he became a director of Everest Reinsurance Company (Ireland), Limited (“Ireland Re”), an Irish subsidiary of the Company. On July 1, 2009, he was appointed as a director of Everest Advisors (UK), Ltd. (“Advisors U.K.”) and effective May 15, 2009, as a director of Mt. McKinley Insurance Company (“Mt. McKinley”) as well as a director (May 13, 2009) and Chairman (June 19, 2009) of Everest International Reinsurance, Ltd. (“Everest International”) (f/k/a AFC Re Ltd.), and on June 16, 2009, a director and Treasurer of Everest Insurance Company of Canada (“EVCAN”). On May 15, 2009, Mr. Addesso became a director of Everest National Insurance Company (“Everest National”), Everest Indemnity Insurance Company (“Everest Indemnity”) and Everest Security Insurance Company (f/k/a Southeastern Security Insurance Company) (“Everest Security”). Mr. Addesso serves as director, Chairman and President (May 15, 2009) of Mt. Whitney Securities, Inc., a subsidiary of Everest Re (“Mt. Whitney”).

From 2008 until he joined the Company in May 2009, Mr. Addesso was President of Regional Clients of Munich Re America. From 2001 to 2009, he served as President of Direct Treaty, Munich Re America with profit and loss responsibility for direct treaty business covering all lines including surety, political risk and marine. From 1999 through 2001, he served in various underwriting and financial operations roles. From 1982 to 1995, he served as Executive Vice President and Chief Financial Officer of Selective Insurance Group, Inc. Prior to that, Mr. Addesso worked in public accounting for KPMG.

Mark S. de Saram, 54, became Executive Vice President of the Company on September 17, 2008, having served as Senior Vice President since October 13, 2004. He serves as Deputy Chairman, Managing Director and Chief Executive Officer of Bermuda Re and as a director and Deputy Chairman of Everest Re Advisors and Everest International. He serves as a director of Advisors U.K., Everest Underwriting Group (Ireland), Limited and of Ireland Re. Mr. de Saram joined Everest Re in 1995 as Vice President responsible for United Kingdom and European

Operations. Prior to his joining Everest Re, Mr. de Saram accumulated 21 years of reinsurance industry experience working in various underwriting capacities in the United Kingdom and Canada.

Table of Contents

Ralph E. Jones, III, 53, became President and Chief Operating Officer of the Company on December 8, 2008. Mr. Jones serves as a director and President and Chief Operating Officer of Everest Re, having been elected to those positions on March 13, 2009 and October 9, 2009, respectively. Mr. Jones became a director of EVCAN on December 16, 2008. In February 2009, he was elected as a director of Bermuda Re. In September 2009, he was elected director of Everest National and of Everest Indemnity. Since October of 2009, Mr. Jones has served as a director and President of Everest Holdings, and as a director of Everest Global, Chairman of Everest National, President of EVCAN, director and Chairman of the Board of Mt. McKinley, Chairman and Chief Executive Officer of Everest Indemnity, and as a director of Everest Security. On August 17, 2008, Mr. Jones was appointed an independent director of the Company. Upon becoming an officer, he resigned his directorship in order to preserve the majority independence of the Board. From 2003 through July 2008, Mr. Jones served as Chairman and Chief Executive Officer of the Arch Insurance Group. He was the Chairman and Chief Executive Officer of Chubb Specialty Insurance from 1999 to 2003. He served as a director and Managing Director of Hiscox Insurance Company from 1997 to 1999. From 1994 to 1997, Mr. Jones was the President and a director of Chubb Insurance Company of Europe.

Keith T. Shoemaker, 54, became Comptroller of the Company on November 6, 2001 and became the Principal Accounting Officer on July 30, 2002. He also serves as Vice President and Comptroller of Everest Holdings, Everest Re, Everest Global, Mt. Whitney and Mt. McKinley as well as Assistant Comptroller of Everest National, Everest Indemnity, Everest Security, WorkCare Southeast, Inc., WorkCare Southeast of Georgia, Inc. and Mt. McKinley Managers, L.L.C. ("Mt. McKinley Managers") and Assistant Controller of EVCAN. He also serves as a trustee of Everest Re Capital Trust II which is a Delaware statutory trust. Mr. Shoemaker was Vice President and Controller of Selective Insurance Company from 1999 to 2001 and served as Vice President of the National Council on Compensation Insurance from 1992 to 1999.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board conducts its business through its meetings and meetings of its committees. Five meetings of the Board were held in 2009. No director, either in person or through an alternate director appointment as permitted under Bermuda law, attended fewer than 75% of the total number of meetings of the Board and meetings of all committees of the Board on which the director served. All of the directors attended last year's Annual General Meeting of Shareholders. The directors are expected to attend the Annual General Meeting pursuant to the Company's Corporate Governance Guidelines.

The Board has affirmatively determined that the following directors, who constitute a majority of the Board and who serve as members of the Audit, Compensation and Nominating and Governance Committees, are independent: Mr. Abrahams, Mr. Duffy, Mr. Dunne, Mr. Singer and Mr. Weber. To determine independence, the Board applied the categorical standards contained in the Company's Corporate Governance Guidelines. A copy of those standards, which are stricter than the corporate governance listing standards of the New York Stock Exchange (the "NYSE"), is set forth as Appendix A to this Proxy Statement. The Board also considered whether these five directors had any other material relationships with the Company, its affiliates or the Company's external auditor and concluded that none of them had a relationship that impaired his independence. The Board based its determination on personal discussions with the directors and a review of each director's responses on the annual questionnaire regarding employment, compensation history, affiliations and family and other relationships. The questionnaire responses form the basis for reviewing a director's financial transactions involving the Company and preparing a report on every relationship that is disclosed by a director, regardless of the amount in question. This annual review is performed in compliance with the Company's Bye-laws and the Bermuda Companies Act 1981 and the resulting report is approved by resolution of the Board of Directors. The report's findings are disclosed in the section entitled "Certain Transactions with Directors" that appears in this proxy statement. Directors are also subject to the Company's Ethics Guidelines which require full and timely disclosure to the Company of any situation that may result in a conflict or appearance of a conflict.

Additionally, in accordance with the Corporate Governance Guidelines and the disclosure requirement set forth in Bye-law 21(b) of the Company's Bye-laws (which in turn requires compliance with the Bermuda Companies Act 1981), each director must disclose to the other directors any potential conflicts of interest he

5

Table of Contents

may have with respect to any matter under discussion. If a director is disqualified by the Chairman because of a conflict, he must refrain from voting on a matter in which he may have a material interest.

Board Leadership Structure

Mr. Taranto serves as the Chief Executive Officer and as Chairman of the Board. In addition to Mr. Taranto, the Board is comprised of six outside directors, five of whom are independent. We believe that having a single leader for both the Company and the Board of Directors who is intimately familiar with the Company's history as well as its operations eliminates the potential for confusion or duplication of efforts and provides clear leadership for the Company.

The Board currently maintains Audit, Nominating and Governance and Compensation Committees, all of whose members are independent directors and each of which has a separate Chairperson. The Charters for each of these committees, the Corporate Governance Guidelines and the Company's Ethics Guidelines and Index to Compliance Policies are posted on the Company's website at <http://www.everestre.com>. The Board also maintains an Executive Committee, the purpose of which is to take any emergent actions until the Board can meet. The members of the Executive Committee are Mr. Taranto, Mr. Galtney and Mr. Weber. The Executive Committee did not meet in 2009.

Prior to each scheduled meeting of the Board of Directors, the directors who are not officers of the Company meet in executive session outside the presence of management. The executive sessions are chaired by alternating directors on an alphabetically based rotation. In addition, the independent directors meet in executive session outside the presence of management on a regular basis. We believe that having a combined CEO/Chairman and independent chairs for our Audit, Nominating and Governance and Compensation Committees provides the appropriate balance between management and independent, non-management leadership. The Board retains the flexibility to consider other leadership structures in the future.

Board Role in Risk Oversight

In accordance with NYSE requirements, the Company's Audit Committee Charter provides that the Audit Committee has the responsibility to discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control its risk profile, including the Company's risk assessment and risk management guidelines. Prudent risk management is embodied throughout our Company as part of our culture. To foster a better understanding of our risk profile, the head of our enterprise risk management team presents a comprehensive report, on a quarterly basis, to the Audit Committee with respect to our risk management procedures and our exposure to various types of risk on an aggregate and per risk basis, including exposure from our worldwide property and casualty insurance and reinsurance businesses and our investment portfolio. Upon the Audit Committee's recommendation, the Board adopts a formal Risk Appetite Statement that establishes upper boundaries on risk taking in certain areas of the Company including assets, investments, property and casualty business, including catastrophe business.

Audit Committee

The principal purposes of the Company's Audit Committee are to oversee the integrity of the Company's financial statements and the Company's compliance with legal and regulatory requirements, to oversee the independent registered public accounting firm, to evaluate the independent registered public accounting firm's qualifications and independence and to oversee the performance of the Company's internal audit function. The Audit Committee meets with the Company's management, Chief Internal Audit Officer and the independent registered public accounting firm, both separately and together, to review the Company's internal controls and financial statements, audit findings and significant accounting and reporting issues. The Board has adopted a Charter for the Audit Committee which is

revised as necessary to comply with all applicable laws, rules and regulations. The Charter is available on the Company's website at <http://www.everestre.com>.

Table of Contents

The members of the Audit Committee are Mr. Abrahams, Mr. Duffy, Mr. Dunne, Mr. Singer and Mr. Weber. Mr. Dunne serves as Chairman of the Audit Committee. The Board has determined that all members of the Committee are financially literate and that all are independent under the NYSE listing standards and the rules of the SEC governing the qualifications of audit committee members. The Board has also determined that Mr. Abrahams qualifies as an “audit committee financial expert” as defined by SEC rules and has accounting or related financial management expertise as required by NYSE listing standards. No member of the Audit Committee may serve on the Audit Committee of more than two other public companies unless the Board has determined that such service will not affect the ability of the Committee member to serve on the Company’s Audit Committee. The Audit Committee held four meetings in 2009.

Compensation Committee

The Compensation Committee exercises authority with respect to all compensation and benefits afforded all officers at the Senior Vice President level and above, the Named Executive Officers (as defined herein) and the Company’s Chief Financial Officer, Comptroller, Treasurer, Chief Internal Audit Officer and Secretary. The Compensation Committee also has oversight responsibilities for all of the Company’s broad-based compensation and benefit programs, including administration of the Company’s Annual Incentive Plan, the 1995 Stock Incentive Plan, the 2002 Stock Incentive Plan, which will be replaced by the Everest Re Group, Ltd. 2010 Stock Incentive Plan (if such plan is approved by the shareholders at the Annual General Meeting), and the Executive Performance Annual Incentive Plan. The Compensation Committee did not employ a consultant during 2009. The Compensation Committee adopted a Charter on November 21, 2002, which is available on the Company’s website at <http://www.everest.com>. The Charter provides that the Compensation Committee may form and delegate authority to subcommittees or to committees of the Company’s subsidiaries when appropriate. This delegation authority was not exercised by the Compensation Committee during 2009. Additional information on the Compensation Committee’s processes and procedures for consideration of executive compensation are addressed in this Proxy Statement under the heading “Compensation Discussion and Analysis”.

The Compensation Committee is comprised of Mr. Abrahams, Mr. Duffy, Mr. Dunne, Mr. Singer and Mr. Weber, none of whom is a current or former employee or officer of the Company and all of whom meet the independence standards of the NYSE. Mr. Duffy serves as Chairman of the Compensation Committee. The Compensation Committee held four meetings in 2009.

Nominating and Governance Committee

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

The Nominating and Governance Committee will consider a shareholder’s nominee for director who is proposed in accordance with the procedures set forth in Bye-law 12 of the Company’s Bye-laws, which is available on the Company’s website or by mail from the Corporate Secretary’s office. This Bye-law requires written notice of a shareholder’s intent to make such a nomination at the 2011 Annual General Meeting of Shareholders to be received by the Secretary of the Company at the address listed below under Shareholder and Interested Party Communications with Directors, between November 15, 2010 and December 16, 2010. Such notice shall set forth the name and address, as it appears on the Register of Members, of the shareholder who intends to make the nomination; a representation that the shareholder is a holder of record of shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make such nomination; the class and number of shares of the

Company which are held by the shareholder; the name and address of each individual to be nominated; a description of all arrangements or understandings between the shareholder and any such nominee and any other person or persons (naming such person or persons) pursuant to which such nomination is to be made by the shareholder; such other information regarding any such nominee required to be included in a proxy statement filed pursuant to

7

Table of Contents

Regulation 14A under the Securities Exchange Act of 1934; and the consent of any such nominee to serve as a director, if so elected.

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

The Nominating and Governance Committee held one meeting in 2009. The Committee's Charter, which was adopted by the Board on February 25, 2004, and the Corporate Governance Guidelines, which contain the director qualifications, are available on the Company's website at <http://www.everestre.com>.

Audit Committee Report

The Audit Committee has reviewed and discussed with management, which has primary responsibility for the financial statements, and with PricewaterhouseCoopers LLP, the Company's independent auditors, the audited financial statements for the year ended December 31, 2009 (the "Audited Financial Statements"). In addition, the Audit Committee has discussed with PricewaterhouseCoopers LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended. The Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding PricewaterhouseCoopers LLP's communications with the Audit Committee concerning independence, and has discussed with that firm its independence. The Audit Committee also has discussed with Company management and PricewaterhouseCoopers LLP such other matters and received such assurances from them as the Committee deemed appropriate. Based on the foregoing review and discussions and relying thereon, the Audit Committee recommended to the Company's Board of Directors the inclusion of the Audited Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

The Audit Committee devoted substantial time in 2009 to discussing with the Company's independent auditors and internal auditors the status and operating effectiveness of the Company's internal controls over financial reporting. The Audit Committee's oversight involved several meetings, both with management and with the auditors outside the presence of management, to monitor the preparation of management's report on the effectiveness of the Company's internal controls. The meetings reviewed in detail the standards that were established, the content of management's assessment, and the auditors' testing and evaluation of the design and operating effectiveness of the internal controls. As reported in the Company's Annual Report on Form 10-K filed March 1, 2010, the independent auditors concluded that, as of December 31, 2009, the Company maintained, in all material respects, effective internal controls over financial reporting based upon the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Table of Contents

Under its Charter and the “Audit and Non-Audit Services Pre-Approval Policy” (the “Policy”), the Audit Committee is required to pre-approve the audit and non-audit services to be performed by the independent auditors. The Policy mandates specific approval by the Audit Committee for any service that has not received a general pre-approval or that exceeds pre-approved cost levels or budgeted amounts. For both specific and general pre-approval, the Audit Committee considers whether such services are consistent with the SEC’s rules on auditor independence. The Audit Committee also considers whether the independent auditors are best positioned to provide the most effective and efficient service and whether the service might enhance the Company’s ability to manage or control risk or improve audit quality. The Audit Committee is also mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services. It may determine, for each fiscal year, the appropriate ratio between the total amount of audit, audit-related and tax fees and a total amount of fees for certain permissible non-audit services classified below as “All Other Fees”. All such factors are considered as a whole, and no one factor is determinative. The Audit Committee further considered whether the performance by PricewaterhouseCoopers LLP of the non-audit related services disclosed below is compatible with maintaining their independence. The Audit Committee approved all of the audit-related fees, tax fees and all other fees for 2009 and 2008.

The fees billed to the Company by PricewaterhouseCoopers LLP and its worldwide affiliates in 2009 and 2008 are as follows:

	2009	2008
Audit Fees (1)	\$3,554,313	\$3,611,366
Audit-Related Fees (2)	86,500	171,490
Tax Fees (3)	105,856	236,420
All Other Fees (4)	5,406	5,029

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

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

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

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

John R. Dunne, Chairman
 Martin Abrahams
 Kenneth J. Duffy
 Roger M. Singer

John A. Weber

9

Table of Contents

Compensation Committee Report

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

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

Code of Ethics for CEO and Senior Financial Officers

The Company's Code of Conduct includes its "Ethics Guidelines and Index to Compliance Policies" ("Ethics Guidelines") that is intended to guide all of the Company's decisions and behavior by holding all directors, officers and employees to the highest standards of integrity. A copy of the Ethics Guidelines can be found on the Company's website at <http://www.everestre.com>. In addition to being bound by the Ethics Guidelines provisions relating to ethical conduct, conflict of interest and compliance with the law, the Company has adopted a code of ethics that applies to the Chief Executive Officer, Chief Financial Officer and senior financial officers. The text of the Code of Ethics for the Chief Executive Officer and Senior Financial Officers is posted on the Corporate Governance page on the Company's website at <http://www.everestre.com>. This document is also available in print to any shareholder who requests a copy from the Corporate Secretary at the address below. In the event the Company makes any amendment to or grants any waiver from the provisions of its Code of Ethics, the Company intends to disclose such amendment or waiver on its website within five business days.

Shareholder and Interested Party Communications with Directors

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

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

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

Table of Contents

COMMON SHARE OWNERSHIP BY DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the beneficial ownership of Common Shares as of March 26, 2010 by the directors of the Company, by the Named Executive Officers listed in the Summary Compensation Table and by all directors and Named Executive Officers of the Company as a group. Information in this table was furnished to the Company by the respective directors and Named Executive Officers. Unless otherwise indicated in a footnote, each person listed in the table possesses sole voting power and sole dispositive power with respect to the shares shown in the table as owned by that person.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (13)
Martin Abrahams	23,541(1)	*
Kenneth J. Duffy	44,005(2)	*
John R. Dunne	22,629(3)	*
William F. Galtney, Jr.	74,866(4)	*
Roger M. Singer	2,000(5)	*
Joseph V. Taranto	515,136(6)	*
John A. Weber	12,780(7)	*
Dominic J. Addesso	12,950(8)	*
Ralph E. Jones III	47,000(9)	*
Mark S. de Saram	68,608(10)	*
Keith T. Shoemaker	19,180(11)	*
All directors and executive officers as a group (11 persons)	842,695(12)	0.01

* Less than 1%

(1) Includes 12,500 shares issuable upon the exercise of share options exercisable within 60 days of March 26, 2010 and 11,041 shares held in the Martin Abrahams Revocable Trust. Also includes 3,500 restricted shares issued to Mr. Abrahams under the Company's 2003 Non-Employee Director Equity Compensation Plan ("2003 Directors Plan") which may not be sold or transferred until the vesting requirements are satisfied.

(2) Includes 3,500 restricted shares issued to Mr. Duffy under the 2003 Directors Plan which may not be sold or transferred until the vesting requirements are satisfied. Also includes 19,005 held in a grantor annuity trust.

(3) Includes 12,500 shares issuable upon the exercise of share options exercisable within 60 days of March 26, 2010. Also includes 3,500 restricted shares issued to Mr. Dunne under the 2003 Directors Plan which may not be sold or transferred until the vesting requirements are satisfied.

(4) Includes 46,000 shares owned by Galtney Family Investors, Ltd., a limited partnership in which Mr. Galtney maintains a beneficial ownership and for which he serves as the General Partner. Also includes 12,500 shares issuable upon the exercise of share options exercisable within 60 days of March 26, 2010 and 3,500 restricted shares issued to Mr. Galtney under the 2003 Directors Plan which may not be sold or transferred until the vesting requirements are satisfied.

(5) Includes 2,000 restricted shares issued to Mr. Singer under the 2003 Directors Plan which may not be sold or transferred until the vesting requirements are satisfied.

(6)

Includes 240,000 shares issuable upon the exercise of share options exercisable within 60 days of March 26, 2010. Also includes 35,448 restricted shares issued to Mr. Taranto under the Company's 2002 Stock Incentive Plan which may not be sold or transferred until the vesting requirements have been satisfied. Excludes 5,028,215 Common Shares held by Everest Holdings over which Mr. Taranto has voting and dispositive power. Mr. Taranto disclaims beneficial ownership of the Common Shares held by Everest Holdings.

(7) Includes 3,206 shares issuable upon the exercise of stock options exercisable within 60 days of March 26, 2010. Also includes 3,500 restricted shares issued to Mr. Weber under the 2003 Directors Plan which may not be sold or transferred until the vesting requirements are satisfied.

(8) Includes 12,950 restricted shares issued to Mr. Adesso under the Company's 2002 Stock Incentive Plan which may not be sold or transferred until the vesting requirements have been satisfied.

(9) Includes 42,000 restricted shares issued to Mr. Jones under the Company's 2002 Stock Incentive Plan which may not be sold or transferred until the vesting requirements have been satisfied.

(10) Includes 29,500 shares issuable upon the exercise of share options exercisable within 60 days of March 26, 2010. Also includes 16,750 restricted shares issued to Mr. de Saram under the Company's 2002 Stock Incentive Plan which may not be sold or transferred until the vesting requirements have been satisfied.

(11) Includes 19,180 shares issuable upon the exercise of share options exercisable within 60 days of March 26, 2010.

Table of Contents

(12) Includes 329,386 shares issuable upon the exercise of share options exercisable within 60 days of March 26, 2010.

(13) Based on 63,950,689 total Common Shares outstanding and entitled to vote as of March 26, 2010.

PRINCIPAL BENEFICIAL OWNERS OF COMMON SHARES

To the best of the Company's knowledge, the only beneficial owners of 5% or more of the outstanding Common Shares as of December 31, 2009 are set forth below. This table is based on information provided in Schedule 13G Information Statements filed with the SEC by the parties listed in the table.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
Southeastern Asset Management, Inc. 6410 Poplar Avenue, Suite 900 Memphis, Tennessee 38119	5,532,696(1)	9.20
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	4,509,761(2)	7.47
Goldman Sachs Asset Management 32 Old Slip New York, New York 10005	3,029,662(3)	5.00

(1) Southeastern Asset Management, Inc. reports in its Schedule 13G that it has sole power to vote or direct the vote of 3,157,900 Common Shares, shared power to vote 1,335,000 Common Shares, no power to vote 1,039,796 Common Shares, sole dispositive power with respect to 4,197,696 Common Shares and shared or no dispositive power with respect to 1,335,000 Common Shares.

(2) BlackRock, Inc. reports in its Schedule 13G that it has sole power to vote or direct the vote of 4,509,761 Common Shares and sole dispositive power with respect to 4,509,761 Common Shares.

(3) Goldman Sachs Asset Management reports in its Schedule 13G that it has shared power to vote or direct the vote of 2,906,078 Common Shares and shared dispositive power with respect to 3,029,662 Common Shares.

DIRECTORS' COMPENSATION

Annual Retainer

Each member of the Board who is not otherwise affiliated with the Company as an employee and/or officer ("Non-Employee Director" or "Non-Management Director") was compensated in 2009 for services as a director and was also reimbursed for out-of-pocket expenses associated with each meeting attended. Each Non-Employee Director received a retainer of \$75,000, payable in the form of cash or Common Shares at the director's election. Giving Non-Employee Directors an opportunity to receive their compensation in the form of Common Shares is intended to align their interests with those of the Company's shareholders. The value of Common Shares issued is calculated based on the average of the highest and lowest sale prices of the Common Shares on each installment date or, if no

sale is reported for that day, the preceding day for which there is a reported sale. During 2009, each of the Non-Employee Directors elected to receive their retainers in the form of cash that was paid in quarterly installments.

Share Awards

On May 13, 2009, the shareholders approved the Company's adoption of the 2009 Non-Employee Director Stock Option and Restricted Stock Plan (the "2009 Directors Plan"), to replace the 1995 Stock Option Plan for Non-Employee Directors. Like its predecessor, the 2009 Directors Plan was designed to maintain the Company's ability to attract and retain the services of experienced and highly qualified Non-Employee Directors and to create in those directors a proprietary interest in the Company's continued success. Under the 2009 Directors Plan, at the time of their appointment to the Board, each newly appointed Non-Employee Director is awarded, either singly or in combination: (1) restricted shares, or (2) a non-qualified option to

Table of Contents

purchase an amount of Common Shares equal to \$50,000 divided by the average of the NYSE high and low price of one share on that day. As defined in the 2009 Directors Plan, the fair market value is determined by averaging the highest and lowest trading prices of the Common Shares on the date of the award. There were no newly-appointed Non-Employee Directors in 2009.

On February 21, 2007 and on February 20, 2008, each of the Non-Employee Directors was granted 1,500 restricted shares under the 2003 Non-Employee Director Equity Compensation Plan which vest respectively over a three year term. On September 16, 2009, each Non-Employee Director was granted 1,500 restricted shares which vest in three equal tranches on February 18, 2010, 2011 and 2012.

The table below summarizes the compensation paid by the Company to Non-Employee Directors for the fiscal year ended December 31, 2009.

2009 DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash (1)	Share Awards (2)	Option Awards (3)	Non-Equity Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (4)	Total
Martin Abrahams	\$ 75,000	\$128,085	\$-	\$ -	\$ -	\$ 3,600	\$206,685
Kenneth J. Duffy	75,000	128,085	-	-	-	3,600	206,685
John R. Dunne	75,000	128,085	-	-	-	3,600	206,685
William F. Galtney, Jr.	75,000	128,085	-	-	-	3,600	206,685
John A. Weber	75,000	128,085	-	-	-	3,600	206,685

(1) During 2009, all of the directors elected to receive their compensation in cash. Mr. Galtney and Mr. Weber, who elected to receive share-based retainer fees for 2008, each received his last payment of 244 shares in the first quarter of 2009 in respect of his service during the last quarter of 2008.

(2) Each Non-Employee Director was awarded 1,500 restricted shares on February 20, 2008, of which 500 shares remain restricted, as of March 26, 2010. Each Non-Employee Director was also awarded 1,500 restricted shares on September 16, 2009, of which 1,000 remain restricted as of March 26, 2010. The amount shown is the aggregate grant date fair value of the 2009 grant computed in accordance with Financial Accounting Standards Board Statement Accounting Standards Codification Topic 718 ("FASB ASC Topic 718").

- (3) No share options were awarded to the Non-Employee Directors in 2009. As of December 31, 2009, each director has exercisable outstanding options to purchase the following number of shares: Mr. Abrahams, 12,500; Mr. Duffy, 2,500; Mr. Dunne, 12,500; Mr. Galtney, 20,000 and Mr. Weber, 3,206.
- (4) Dividends paid on each director's restricted shares.

COMPENSATION DISCUSSION AND ANALYSIS

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

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

Table of Contents

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

The Compensation Committee meets outside the presence of management to discuss compensation decisions. The Compensation Committee is guided by the following principles when making compensation decisions individually and collectively:

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

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

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

Components of the Company's Compensation Program.

In 2009, annual compensation for the Company's executive officers consisted principally of a base salary, a cash bonus, and equity based awards. Apart from the salary, bonus and equity award components, all employees including executive officers received other forms of compensation from the Company. That compensation included a Company funded pension plan, Company paid term life insurance, partially subsidized medical and dental plan, Company paid disability insurance, and participation in a Company sponsored 401(k) employee savings plan. Executives may also participate in a supplemental savings plan and supplemental retirement plan, both of which are non-qualified with respect to current tax deductibility in the U.S. The purpose of these supplemental plans is principally to restore benefits which would otherwise have been limited by U.S. benefit plan rules.

Base Salary and Bonus Determinations.

The base salaries for all executive officers are determined by the Compensation Committee. With the exception of Messrs. Taranto, Eisenacher, Adesso, Jones and de Saram who have or had employment agreements, base salaries are established upon hire or assignment date and reconsidered annually or as responsibilities change. Adjustments are based on each executive officer's performance and the Company's performance and may also take into account competitive conditions in the industry. All base salary determinations are in the subjective judgment and discretion of the Compensation Committee. The Compensation Committee has not identified any specific factors or particular criteria that must be met by each executive officer and does not assign any relative weighting to any factors or criteria it considers. Rather it exercises its subjective judgment and discretion by taking into account all factors that it deems relevant.

For purposes of base salary compensation and in assessing competitive conditions in the industry, the Compensation Committee may periodically examine trade or other publications regarding executive compensation, including publicly filed financial statements of other publicly traded property/casualty insurance and reinsurance companies. However, the Compensation Committee does not engage in formal benchmarking in determining compensation for Named Executive Officers.

The Company awards annual cash bonuses to executive officers under the Annual Incentive Plan and the Executive Performance Annual Incentive Plan. The Annual Incentive Plan is applicable to all executive officers and management employees, except for Mr. Taranto who is subject to the Executive Performance Annual Incentive

Plan. Under the Annual Incentive Plan, the Company may make cash payments each year to employees who hold positions of significant responsibility and/or whose performance or potential contribution, in the judgment of the Compensation Committee, will contribute materially to the success of the

Table of Contents

Company and its subsidiaries. The Annual Incentive Plan is designed to reward past accomplishments, to motivate future accomplishments, and to aid in attracting and retaining employees of the caliber necessary for the continued success of the Company. The actual cash bonus amounts recommended for individual plan participants are subjectively and judgmentally determined by executive management based on a variety of factors including individual responsibilities, experience, contributions and performance, as well as position relative to internal peers. Consideration of these factors encourages executives to strive to improve their performance. The Compensation Committee reviews management's recommendation, and has the discretion to reject or modify the recommended individual awards. All bonus determinations are in the subjective judgment and discretion of management and the Compensation Committee. Management and the Compensation Committee have not identified any specific factors or particular criteria that must be met by each executive officer and do not assign any relative weighting to any factors in criteria they consider. Rather they exercise their subjective judgment and discretion by taking into account all factors that they deem relevant. The Company generally limits the aggregate amount available for such bonus payments to 3% of the Company's net operating income. For purposes of determining 2009 awards, the total amount available for bonuses under the Annual Incentive Plan was \$16.5 million. The bonus payments for Messrs. Adesso, Jones, de Saram and Shoemaker were based on the Company's financial performance, their individual responsibilities and the Chief Executive Officer's and the Compensation Committee's assessment of their individual performance.

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

In the case of Mr. Taranto, the Compensation Committee established a personal performance grid that relates various levels of the Company's earnings per share and corresponding net operating income and return on equity, to a maximum cash incentive award based upon the given level of Company performance. For 2009, the Compensation Committee established the following objective goals and performance criteria under the Executive Performance Annual Incentive Plan:

- A maximum cash bonus of \$2.5 million if diluted earnings per share were between \$15.42 and \$21.23 (corresponding to a return on equity between between 17% and 22.6%).
- A maximum cash bonus of \$2.25 million if diluted earnings per share were between \$13.48 and \$15.42 (corresponding to a return on equity between between 15% and 17%).
- A maximum cash bonus of \$2 million if diluted earnings per share were between \$11.55 and \$13.48 (corresponding to a return on equity between between 13% and 15%).
 - A maximum cash bonus of \$1.7 million if diluted earnings per share were between \$9.67 and \$11.55 (corresponding to a return on equity between between 11% and 13%).
- A maximum cash bonus of \$1.4 million if diluted earnings per share were between \$7.82 and \$9.67 (corresponding to a return on equity between between 9% and 11%).
- A maximum cash bonus of \$1.1 million if diluted earnings per share were between \$6.00 and \$7.82 (corresponding to a return on equity between between 7% and 9%).

- A maximum cash bonus of \$800,000 if diluted earnings per share were below \$6.00 (corresponding to a return on equity below 7%).

Table of Contents

Although the above sets forth the various levels of the maximum cash bonus award that could be awarded to Mr. Taranto based upon objective Company performance, the Compensation Committee may, in its discretion, choose to reduce the actual amount of the award. For 2009, based upon the Company achieving diluted earnings per share of \$12.51, Mr. Taranto's cash bonus was \$2 million.

Long-Term Compensation Determinations.

The second component of the Company's executive compensation plan is premised on a strategic view of compensation. This long-term compensation component is achieved through the Everest Re Group, Ltd. 2002 Stock Incentive Plan, as amended May 2006 ("2002 Stock Incentive Plan"). Awards under the 2002 Stock Incentive Plan are intended to reinforce management's long-term perspective on corporate performance, provide an incentive for key executives to remain with the Company for the long-term, and provide a strong incentive for employees to work to increase shareholder value by aligning employees' interests with the shareholders.

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

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

In the case of equity awards, the CEO makes recommendations to the Compensation Committee for each executive officer, and the awards are discussed by the Compensation Committee and recommended for action by the Board. All award determinations are in the subjective judgment and discretion of the Compensation Committee. The Compensation Committee has not identified any specific factors or particular criteria that must be met by each executive officer and does not assign any relative weighting to any factors or criteria it considers. Rather it exercises its subjective judgment and discretion by taking into account all factors that it deems relevant. Examples of factors that the Compensation Committee has utilized include the recipient's demonstrated past and expected future performance, the recipient's level of responsibility within the Company, their ability to affect shareholder value, and past awards of share options, share appreciation rights, restricted shares, or share awards. Restricted share awards and share options encourage employee retention because such awards vest over a five year period at the rate of 20% per year and are generally forfeited if the recipient leaves the Company before vesting. Generally, upon termination of employment, the recipient loses unvested options and restricted shares and has 90 days to exercise vested options. In addition, the expiration of share options ten years after they are granted is designed to encourage recipients to work on the Company's growth over the long-term and not simply cater to short-term profits. In general, equity awards are considered and granted to eligible individuals once per year at the February meeting of the Compensation Committee. The equity awards for Messrs. Addesso, Jones, de Saram, Shoemaker, Gallagher and Eisenacher were based on the Company's financial performance, their individual responsibilities and the Chief Executive Officer's and the Compensation Committee's assessment of their individual performance and long-term value to the Company.

As with his short-term compensation components, the determination, award and vesting of awards for Mr. Taranto are handled separately. The Compensation Committee discusses with the CEO his performance, and meets outside of the

presence of the CEO in making its award determination. Like other executive officers, the CEO's award is granted subjectively at the discretion of the Compensation Committee based upon factors similar to those considered for other executive officers as described above.

Table of Contents

Other Forms of Compensation.

Apart from the salary, bonus and long-term compensation components discussed above, all employees including executive officers receive other forms of compensation from the Company. That compensation includes a Company funded pension plan, Company paid term life insurance, partially subsidized medical and dental plan, Company paid disability insurance, and participation in a Company sponsored 401(k) employee savings plan. Executives may also participate in a supplemental savings plan and a "Supplemental Retirement Plan," both of which are non-qualified with respect to tax deductibility in the U.S. The purpose of these plans is principally to restore benefits which would otherwise have been limited by U.S. benefit plan rules.

Perquisites and Other Benefits.

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

The only perquisites approved by the Compensation Committee for 2009 were: (1) Mr. de Saram's housing, family travel and golf membership fees for Tuckers Point Country Club in Bermuda, and (2) Mr. Eisenacher's travel reimbursement. The amounts reported for Mr. de Saram and Mr. Eisenacher are included in the Summary Compensation Table.

Tax and Accounting Implications.

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

It is the Compensation Committee's objective to have its U.S. tax-paying executives not be subject to penalties under U.S. Internal Revenue Code §409A ("§409A"). Accordingly, all applicable compensation and benefit programs have been amended and are administered in accordance with §409A.

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

Table of Contents

Compensation of Executive Officers.

The following table sets forth compensation paid or accrued for the last fiscal year with respect to the Company's Chief Executive Officer, Principal Financial Officer and the three other most highly compensated executive officers as of December 31, 2009 (collectively, the "Named Executive Officers"), for services rendered by them to the Company and to its subsidiaries. Also included are Craig Eisenacher who served as the Principal Financial Officer of the Company until May 4, 2009 and Thomas J. Gallagher for whom disclosure would have been provided but for the fact that he retired on October 9, 2009 ("Additional Officers").

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Share Awards (2)	Option Awards (3)	Non-Equity Plan Incentive Compensation	Change in Pension Value and Nonqualified Deferred Compensation (4)	All Other Compensation (5)	Total
Joseph V. Taranto Chairman of the Board and Chief Executive Officer									
	2009	\$1,038,462(1)	-	-	-	\$2,000,000	\$1,053,592	\$2,531,384	\$6,623,438
	2008	1,000,000	-	3,489,500	-	1,400,000	1,358,865	86,215	7,525,020
	2007	1,000,000	-	1,485,225	-	2,250,000	749,212	223,825	5,708,262
Dominic J. Adesso, Executive Vice President and Chief Financial Officer									
	2009	\$328,846	\$500,000	\$499,983	\$-	\$-	\$45,062	\$13,354	\$1,387,245
Ralph E. Jones III, President and Chief Operating Officer									
	2009	\$623,077	1,000,000	\$2,868,600	\$-	\$-	\$73,491	\$88,915	\$4,654,083
	2008	-	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-	-
Mark S. de Saram, Senior Vice President of Group and Managing Director and Chief Executive Officer of Bermuda Re									

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2009	\$490,577	\$600,000	\$448,219	\$-	\$-	N/A	\$295,837	\$1,834,633
2008	457,487	400,000	498,500	-	-	N/A	276,655	1,632,642
2007	437,547	500,000	396,060	-	-	N/A	273,618	1,607,225

Keith T.
Shoemaker,
Comptroller and Principal Accounting Officer

2009	\$244,231	\$75,000	\$-	\$181,354	\$-	\$46,223	\$8,341	\$555,149
2008	225,908	60,000	-	165,266	-	40,298	7,716	499,188
2007	212,027	100,000	-	174,649	-	13,616	7,241	507,533

Craig
Eisenacher,
Executive Vice President, Everest Global Services, Inc., Former Chief Financial
Officer

2009	\$437,846	\$-	\$268,931	\$-	\$-	\$(250,323)	\$69,856	\$526,310
2008	408,769	200,000	398,800	-	-	139,872	56,292	1,203,733
2007	400,000	300,000	1,485,225	291,082	-	110,451	150,733	2,737,491

Thomas J.
Gallagher,
Retired Vice Chairman & Chief Underwriting Officer

2009	\$500,769	\$-	\$609,578	\$-	\$-	\$499,908	\$49,988	\$1,660,243
2008	586,538							