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:
March 31, 2014	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.

YES X 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).

YES X 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 (Do not check if smaller reporting company)	X	Smaller reporting company	____

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

YES ____ NO X

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

Class	Number of Shares Outstanding At May 1, 2014
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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Part I

ITEM 1. FINANCIAL STATEMENTS

EVEREST REINSURANCE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par value per share)	March 31, 2014	December 31, 2013
	(unaudited)	
ASSETS:		
Fixed maturities - available for sale, at market value	$ 5,537,841	$ 5,201,921
(amortized cost: 2014, $5,418,527; 2013, $5,116,600)		
Fixed maturities - available for sale, at fair value	-	19,388
Equity securities - available for sale, at market value (cost: 2014, $15; 2013, $15)	13	13
Equity securities - available for sale, at fair value	1,224,669	1,298,940
Short-term investments	642,650	757,162
Other invested assets (cost: 2014, $371,942; 2013, $385,776)	371,942	385,776
Other invested assets, at fair value	1,487,642	1,515,052
Cash	273,265	316,807
Total investments and cash	9,538,022	9,495,059
Accrued investment income	53,735	50,306
Premiums receivable	1,160,395	1,173,780
Reinsurance receivables - unaffiliated	642,035	530,158
Reinsurance receivables - affiliated	3,223,779	3,062,884
Funds held by reinsureds	172,965	175,526
Deferred acquisition costs	110,600	112,024
Prepaid reinsurance premiums	719,788	673,753
Other assets	275,726	247,505
TOTAL ASSETS	$ 15,897,045	$ 15,520,995
LIABILITIES:		
Reserve for losses and loss adjustment expenses	$ 7,577,143	$ 7,653,229
Unearned premium reserve	1,391,902	1,317,147
Funds held under reinsurance treaties	92,797	92,514
Losses in the course of payment	452,761	350,820
Commission reserves	39,588	47,226
Other net payable to reinsurers	1,155,848	1,026,292
5.4% Senior notes due 10/15/2014	249,971	249,958
6.6% Long term notes due 5/1/2067	238,361	238,361
Accrued interest on debt and borrowings	12,092	4,781
Income taxes	56,460	23,949
Unsettled securities payable	71,299	53,772
Other liabilities	263,455	272,468
Total liabilities	11,601,677	11,330,517
Commitments and Contingencies (Note 6)		
STOCKHOLDER'S EQUITY:		
Common stock, par value: $0.01; 3,000 shares authorized;		
1,000 shares issued and outstanding (2014 and 2013)	-	-
Additional paid-in capital	354,445	351,051
Accumulated other comprehensive income (loss), net of deferred income tax expense		
(benefit) of $55,289 at 2014 and $47,195 at 2013	102,678	87,648
Retained earnings	3,838,245	3,751,779
Total stockholder's equity	4,295,368	4,190,478
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 15,897,045	$ 15,520,995

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

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

(Dollars in thousands)	Three Months Ended March 31, 2014	2013
	(unaudited)	
REVENUES:		
Premiums earned	$ 470,445	$ 448,006
Net investment income	63,787	76,869
Net realized capital gains (losses):		
Other-than-temporary impairments on fixed maturity securities	-	-
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	-	-
Other net realized capital gains (losses)	(4,050)	309,806
Total net realized capital gains (losses)	(4,050)	309,806
Other income (expense)	(3,055)	(9,661)
Total revenues	527,127	825,020
CLAIMS AND EXPENSES:		
Incurred losses and loss adjustment expenses	278,046	268,641
Commission, brokerage, taxes and fees	76,094	68,122
Other underwriting expenses	39,251	43,522
Corporate expenses	1,302	1,772
Interest, fee and bond issue cost amortization expense	7,436	12,616
Total claims and expenses	402,129	394,673
INCOME (LOSS) BEFORE TAXES	124,998	430,347
Income tax expense (benefit)	38,532	144,696
NET INCOME (LOSS)	$ 86,466	$ 285,651
Other comprehensive income (loss), net of tax :		
Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period	20,797	(5,606)
Less: reclassification adjustment for realized losses (gains) included in net income (loss)	1,298	(1,358)
Total URA(D) on securities arising during the period	22,095	(6,964)
Foreign currency translation adjustments	(7,836)	(7,596)
Benefit plan actuarial net gain (loss) for the period	-	-
Reclassification adjustment for amortization of net (gain) loss included in net income (loss)	771	1,346
Total benefit plan net gain (loss) for the period	771	1,346
Total other comprehensive income (loss), net of tax	15,030	(13,214)
COMPREHENSIVE INCOME (LOSS)	$ 101,496	$ 272,437

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

EVEREST REINSURANCE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDER'S EQUITY

	Three Months Ended March 31,	
(Dollars in thousands, except share amounts)	2014	2013
	(unaudited)	
COMMON STOCK (shares outstanding):		
Balance, beginning of period	1,000	1,000
Balance, end of period	1,000	1,000
ADDITIONAL PAID-IN CAPITAL:		
Balance, beginning of period	$ 351,051	$ 340,223
Share-based compensation plans	3,394	3,158
Balance, end of period	354,445	343,381
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS), NET OF DEFERRED INCOME TAXES:		
Balance, beginning of period	87,648	184,867
Net increase (decrease) during the period	15,030	(13,214)
Balance, end of period	102,678	171,653
RETAINED EARNINGS:		
Balance, beginning of period	3,751,779	2,953,516
Net income (loss)	86,466	285,651
Balance, end of period	3,838,245	3,239,167
TOTAL STOCKHOLDER'S EQUITY, END OF PERIOD	$ 4,295,368	$ 3,754,201

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

EVEREST REINSURANCE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Three Months Ended March 31, 2014	2013
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 86,466	$ 285,651
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease (increase) in premiums receivable	12,611	(51,555)
Decrease (increase) in funds held by reinsureds, net	2,877	(6,122)
Decrease (increase) in reinsurance receivables	(279,364)	(22,142)
Decrease (increase) in income taxes	24,447	132,099
Decrease (increase) in prepaid reinsurance premiums	(47,040)	(16,378)
Increase (decrease) in reserve for losses and loss adjustment expenses	(58,410)	(176,428)
Increase (decrease) in unearned premiums	76,126	43,947
Increase (decrease) in other net payable to reinsurers	130,527	(4,619)
Increase (decrease) in losses in course of payment	101,869	162,432
Change in equity adjustments in limited partnerships	3,143	(11,220)
Distribution of limited partnership income	5,824	10,252
Change in other assets and liabilities, net	(16,618)	12,988
Non-cash compensation expense	1,729	2,173
Amortization of bond premium (accrual of bond discount)	6,004	6,563
Amortization of underwriting discount on senior notes	14	13
Net realized capital (gains) losses	4,050	(309,806)
Net cash provided by (used in) operating activities	54,255	57,848
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from fixed maturities matured/called - available for sale, at market value	207,534	298,241
Proceeds from fixed maturities matured/called - available for sale, at fair value	875	3,000
Proceeds from fixed maturities sold - available for sale, at market value	149,578	166,934
Proceeds from fixed maturities sold - available for sale, at fair value	20,763	3,664
Proceeds from equity securities sold - available for sale, at fair value	176,116	103,828
Distributions from other invested assets	9,828	22,225
Cost of fixed maturities acquired - available for sale, at market value	(689,205)	(586,523)
Cost of fixed maturities acquired - available for sale, at fair value	(1,309)	(1,295)
Cost of equity securities acquired - available for sale, at fair value	(77,427)	(120,527)
Cost of other invested assets acquired	(4,961)	(4,661)
Net change in short-term investments	113,571	83,622
Net change in unsettled securities transactions	(8,812)	(17,558)
Net cash provided by (used in) investing activities	(103,449)	(49,050)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Tax benefit from share-based compensation	1,665	985
Net cash provided by (used in) financing activities	1,665	985
EFFECT OF EXCHANGE RATE CHANGES ON CASH	3,987	(13,548)
Net increase (decrease) in cash	(43,542)	(3,765)
Cash, beginning of period	316,807	347,720
Cash, end of period	$ 273,265	$ 343,955
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes paid (recovered)	$ 12,474	$ 862
Interest paid	42	5,136

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

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the Three Months Ended March 31, 2014 and 2013

1. GENERAL

As used in this document, "Holdings" means Everest Reinsurance Holdings, Inc., a Delaware company and direct subsidiary of Everest Underwriting Group (Ireland) Limited ("Holdings Ireland"); "Group" means Everest Re Group, Ltd. (Holdings Ireland's parent); "Bermuda Re" means Everest Reinsurance (Bermuda), Ltd., a subsidiary of Group; "Everest Re" means Everest Reinsurance Company and its subsidiaries, a subsidiary of Holdings (unless the context otherwise requires); "Mt. Logan Re" means Mt. Logan Re Ltd., a subsidiary of Group; and the "Company" means Holdings and its subsidiaries.

2. BASIS OF PRESENTATION

The unaudited consolidated financial statements of the Company for the three months ended March 31, 2014 and 2013 include all adjustments, consisting of normal recurring accruals, which, in the opinion of management, are necessary for a fair statement of the results on an interim basis. Certain financial information, which is normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), has been omitted since it is not required for interim reporting purposes. The December 31, 2013 consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. The results for the three months ended March 31, 2014 and 2013 are not necessarily indicative of the results for a full year. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended December 31, 2013, 2012 and 2011 included in the Company's most recent Form 10-K filing.

All intercompany accounts and transactions have been eliminated.

Certain reclassifications and format changes have been made to prior years' amounts to conform to the 2014 presentation. One reclassification relates to a correction in the manner in which the Company reports distributions received from limited partnership investments in the consolidated Statements of Cash Flows. Prior to the fourth quarter of 2013, the Company incorrectly reflected all distributions as cash flows from investing activities in its Consolidated Statements of Cash Flows. Starting with the fourth quarter of 2013, cash distributions from the limited partnerships that represent net investment income are reflected as cash flows from operating activities and distributions that represent the return of capital contributions are reflected as cash flows from investing activities. For the three months ended March 31, 2013, $10,252 thousand has been reclassified from "Distributions from other invested assets" included in cash flows from investing activities to "Distribution of limited partnership income" included in cash flows from operations. The Company has determined that this error is not material to the financial statements of any prior period.

Application of Recently Issued Accounting Standard Changes

Presentation of Comprehensive Income. In June 2011, FASB issued amendments to existing guidance to provide two alternatives for the presentation of comprehensive income. Components of net income and comprehensive income can either be presented within a single, continuous financial statement or be presented in two separate but consecutive financial statements. The Company has chosen to present the components of net income and comprehensive income in a single, continuous financial statement. The guidance is effective for reporting periods beginning after December 15, 2011. The Company implemented this guidance as of January 1, 2012. In February, 2013, the FASB issued an additional amendment for the presentation of amounts reclassified out of accumulated other comprehensive income by component. The Company implemented the proposed guidance as of January 1, 2013.

Treatment of Insurance Contract Acquisition Costs. In October 2010, the FASB issued authoritative guidance for the accounting for costs associated with acquiring or renewing insurance contracts. The guidance identifies the incremental direct costs of contract acquisition and costs directly related to acquisition activities that should be capitalized. This guidance is effective for reporting periods beginning after December 15, 2011. The Company implemented this guidance as of January 1, 2012 and determined that $7,215 thousand of previously deferrable acquisition costs would be expensed, including $5,818 thousand and $1,397 thousand expensed in the years ended December 31, 2012 and 2013, respectively. No additional expense will be incurred related to this guidance implementation in future periods.

3. INVESTMENTS

The amortized cost, market value and gross unrealized appreciation and depreciation of available for sale, fixed maturity and equity security investments, carried at market value, are as follows for the periods indicated:

	At March 31, 2014			
(Dollars in thousands)	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Market Value
Fixed maturity securities				
U.S. Treasury securities and obligations of				
U.S. government agencies and corporations	$ 75,511	$ 495	$ (1,026)	$ 74,980
Obligations of U.S. states and political subdivisions	927,315	43,571	(4,562)	966,324
Corporate securities	1,962,679	49,421	(8,357)	2,003,743
Asset-backed securities	51,089	1,348	(2)	52,435
Mortgage-backed securities				
Commercial	32,876	3,578	-	36,454
Agency residential	690,576	6,639	(11,791)	685,424
Non-agency residential	749	177	(25)	901
Foreign government securities	622,333	30,050	(6,792)	645,591
Foreign corporate securities	1,055,399	26,736	(10,146)	1,071,989
Total fixed maturity securities	$ 5,418,527	$ 162,015	$ (42,701)	$ 5,537,841
Equity securities	$ 15	$ -	$ (2)	$ 13

	At December 31, 2013			
(Dollars in thousands)	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Market Value
Fixed maturity securities				
U.S. Treasury securities and obligations of				
U.S. government agencies and corporations	$ 72,211	$ 420	$ (946)	$ 71,685
Obligations of U.S. states and political subdivisions	970,735	40,815	(9,022)	1,002,528
Corporate securities	1,669,553	45,355	(12,493)	1,702,415
Asset-backed securities	38,544	1,065	-	39,609
Mortgage-backed securities				
Commercial	34,855	3,811	-	38,666
Agency residential	709,589	6,331	(18,521)	697,399
Non-agency residential	859	113	(33)	939
Foreign government securities	654,029	28,739	(7,941)	674,827
Foreign corporate securities	966,225	23,227	(15,599)	973,853
Total fixed maturity securities	$ 5,116,600	$ 149,876	$ (64,555)	$ 5,201,921
Equity securities	$ 15	$ -	$ (2)	$ 13

The $645,591 thousand of foreign government securities at March 31, 2014 included $90,272 thousand of European sovereign securities. Approximately 54.3%, 14.1%, 13.5% and 7.4% of European Sovereign Securities represented securities held in the governments of France, the United Kingdom, Sweden and the Netherlands, respectively. No other countries represented more than 5% of the European sovereign securities. The Company held no sovereign securities of Portugal, Italy, Ireland, Greece or Spain at March 31, 2014.

In accordance with FASB guidance, the Company reclassified the non-credit portion of other-than-temporary impairments from retained earnings into accumulated other comprehensive income (loss), on April 1, 2009. As of March 31, 2014, all of the previously reclassified securities have either matured or have been sold.

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

	At March 31, 2014		At December 31, 2013	
(Dollars in thousands)	Amortized Cost	Market Value	Amortized Cost	Market Value
Fixed maturity securities – available for sale				
Due in one year or less	$ 527,979	$ 529,116	$ 462,133	$ 463,674
Due after one year through five years	2,365,020	2,414,315	2,251,169	2,300,475
Due after five years through ten years	1,096,128	1,114,591	988,896	1,000,053
Due after ten years	654,110	704,605	630,555	661,106
Asset-backed securities	51,089	52,435	38,544	39,609
Mortgage-backed securities				
Commercial	32,876	36,454	34,855	38,666
Agency residential	690,576	685,424	709,589	697,399
Non-agency residential	749	901	859	939
Total fixed maturity securities	$ 5,418,527	$ 5,537,841	$ 5,116,600	$ 5,201,921

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

	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Increase (decrease) during the period between the market value and cost of investments carried at market value, and deferred taxes thereon:		
Fixed maturity securities	$ 33,993	$ (10,618)
Fixed maturity securities, other-than-temporary impairment	-	(97)
Equity securities	-	1
Change in unrealized appreciation (depreciation), pre-tax	33,993	(10,714)
Deferred tax benefit (expense)	(11,898)	3,716
Deferred tax benefit (expense), other-than-temporary impairment	-	34
Change in unrealized appreciation (depreciation), net of deferred taxes, included in stockholder's equity	$ 22,095	$ (6,964)

The Company frequently reviews all of its fixed maturity, available for sale securities for declines in market value and focuses its attention on securities whose fair value has fallen below 80% of their amortized cost at the time of review. The Company then assesses whether the decline in value is temporary or other-than-temporary. In making its assessment, the Company evaluates the current market and interest rate environment as well as specific issuer information. Generally, a change in a security's value caused by a change in the market, interest rate or foreign exchange environment does not constitute an other-than-temporary impairment, but rather a temporary decline in market value. Temporary declines in market value are recorded as unrealized losses in accumulated other comprehensive income (loss). If the Company determines that the decline is other-than-temporary and the Company does not have the intent to sell the security; and it is more likely than not that the Company will not have to sell the security before recovery of its cost basis, the carrying value of the investment is written down to fair value. The fair value adjustment that is credit or foreign exchange related is recorded in net realized capital gains (losses) in the Company's consolidated statements of operations and comprehensive income (loss). The fair value adjustment that is non-credit related is recorded as a component of other comprehensive income (loss), net of tax, and is included in accumulated other comprehensive income (loss) in the Company's consolidated balance sheets. The Company's assessments are based on the issuers current and expected future financial position, timeliness with respect to interest and/or principal payments, speed of repayments and any applicable credit enhancements or breakeven constant default rates on mortgage-backed and asset-backed securities, as well as relevant information provided by rating agencies, investment advisors and analysts.

The majority of the Company's equity securities available for sale at market value are primarily comprised of mutual fund investments whose underlying securities consist of fixed maturity securities. When a fund's value reflects an unrealized loss, the Company assesses whether the decline in value is temporary or other-than-temporary. In making its assessment, the Company considers the composition of its portfolios and their related markets, reports received from the portfolio managers and discussions with portfolio managers. If the Company determines that the declines are temporary and it has the ability and intent to continue to hold the investments, then the declines are recorded as unrealized losses in accumulated other comprehensive income (loss). If declines are deemed to be other-than-temporary, then the carrying value of the investment is written down to fair value and recorded in net realized capital gains (losses) in the Company's consolidated statements of operations and comprehensive income (loss).

Retrospective adjustments are employed to recalculate the values of asset-backed securities. All of the Company's asset-backed and mortgage-backed securities have a pass-through structure. Each acquisition lot is reviewed to recalculate the effective yield. The recalculated effective yield is used to derive a book value as if the new yield were applied at the time of acquisition. Outstanding principal factors from the time of acquisition to the adjustment date are used to calculate the prepayment history for all applicable securities. Conditional prepayment rates, computed with life to date factor histories and weighted average maturities, are used in the calculation of projected prepayments for pass-through security types.

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

	Duration of Unrealized Loss at March 31, 2014 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of						
U.S. government agencies and corporations	$ 28,420	$ (303)	$ 8,689	$ (723)	$ 37,109	$ (1,026)
Obligations of U.S. states and political subdivisions	35,182	(1,091)	68,552	(3,471)	103,734	(4,562)
Corporate securities	516,730	(5,033)	78,099	(3,324)	594,829	(8,357)
Asset-backed securities	1,848	(2)	-	-	1,848	(2)
Mortgage-backed securities						
Commercial	-	-	-	-	-	-
Agency residential	136,963	(1,951)	285,909	(9,840)	422,872	(11,791)
Non-agency residential	91	-	169	(25)	260	(25)
Foreign government securities	104,740	(3,926)	29,043	(2,866)	133,783	(6,792)
Foreign corporate securities	293,848	(5,481)	93,307	(4,665)	387,155	(10,146)
Total fixed maturity securities	$ 1,117,822	$ (17,787)	$ 563,768	$ (24,914)	$ 1,681,590	$ (42,701)
Equity securities	13	(2)	-	-	13	(2)
Total	$ 1,117,835	$ (17,789)	$ 563,768	$ (24,914)	$ 1,681,603	$ (42,703)

	Duration of Unrealized Loss at March 31, 2014 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities						
Due in one year or less	$ 42,790	$ (1,575)	$ 35,039	$ (4,148)	$ 77,829	$ (5,723)
Due in one year through five years	508,264	(6,820)	140,468	(5,493)	648,732	(12,313)
Due in five years through ten years	375,534	(5,871)	27,224	(948)	402,758	(6,819)
Due after ten years	52,332	(1,568)	74,959	(4,460)	127,291	(6,028)
Asset-backed securities	1,848	(2)	-	-	1,848	(2)
Mortgage-backed securities	137,054	(1,951)	286,078	(9,865)	423,132	(11,816)
Total fixed maturity securities	$ 1,117,822	$ (17,787)	$ 563,768	$ (24,914)	$ 1,681,590	$ (42,701)

The aggregate market value and gross unrealized losses related to investments in an unrealized loss position at March 31, 2014 were $1,681,603 thousand and $42,703 thousand, respectively. The market value of securities for the single issuer whose securities comprised the largest unrealized loss position at March 31, 2014, did not exceed 0.8% of the overall market value of the Company's fixed maturity securities. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The $17,787 thousand of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were primarily comprised of domestic and foreign corporate securities, foreign government securities, agency residential mortgage-backed securities as well as state and municipal securities. Of these unrealized losses, $14,559 thousand were related to securities that were rated investment grade by at least one nationally recognized statistical rating organization. The $24,914 thousand of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to agency residential mortgage-backed securities, foreign and domestic corporate securities, foreign government securities as well as state and municipal securities. Of these unrealized losses, $24,078 thousand were related to securities that were rated investment grade by at least one nationally recognized statistical rating organization. The gross unrealized depreciation for mortgage-backed securities included $25 thousand related to sub-prime and alt-A loans. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments.

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

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

	Duration of Unrealized Loss at December 31, 2013 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 39,274	$ (302)	$ 8,751	$ (644)	$ 48,025	$ (946)
Obligations of U.S. states and political subdivisions	92,760	(4,852)	39,689	(4,170)	132,449	(9,022)
Corporate securities	388,721	(8,981)	56,156	(3,512)	444,877	(12,493)
Asset-backed securities	-	-	-	-	-	-
Mortgage-backed securities						
Commercial	-	-	-	-	-	-
Agency residential	381,149	(14,084)	131,504	(4,437)	512,653	(18,521)
Non-agency residential	-	-	202	(33)	202	(33)
Foreign government securities	100,984	(5,255)	29,174	(2,686)	130,158	(7,941)
Foreign corporate securities	321,933	(11,394)	66,715	(4,205)	388,648	(15,599)
Total fixed maturity securities	$ 1,324,821	$ (44,868)	$ 332,191	$ (19,687)	$ 1,657,012	$ (64,555)
Equity securities	13	(2)	-	-	13	(2)
Total	$ 1,324,834	$ (44,870)	$ 332,191	$ (19,687)	$ 1,657,025	$ (64,557)

	Duration of Unrealized Loss at December 31, 2013 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities						
Due in one year or less	$ 17,315	$ (1,273)	$ 31,679	$ (4,132)	$ 48,994	$ (5,405)
Due in one year through five years	425,627	(8,982)	111,150	(5,647)	536,777	(14,629)
Due in five years through ten years	312,341	(10,408)	14,865	(663)	327,206	(11,071)
Due after ten years	188,389	(10,121)	42,791	(4,775)	231,180	(14,896)
Asset-backed securities	-	-	-	-	-	-
Mortgage-backed securities	381,149	(14,084)	131,706	(4,470)	512,855	(18,554)
Total fixed maturity securities	$ 1,324,821	$ (44,868)	$ 332,191	$ (19,687)	$ 1,657,012	$ (64,555)

The aggregate market value and gross unrealized losses related to investments in an unrealized loss position at December 31, 2013 were $1,657,025 thousand and $64,557 thousand, respectively. The market value of securities for the single issuer whose securities comprised the largest unrealized loss position at December 31, 2013, did not exceed 0.9% of the overall market value of the Company's fixed maturity securities. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The $44,868 thousand of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were primarily comprised of domestic and foreign corporate securities, foreign government securities, agency residential mortgage-backed securities as well as state and municipal securities. Of these unrealized losses, $38,527 thousand were related to securities that were rated investment grade by at least one nationally recognized statistical rating organization. The $19,687 thousand of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to domestic and foreign corporate securities, foreign government securities, agency residential mortgage-backed securities as well as state and municipal securities. Of these unrealized losses, $18,867 thousand were related to securities that were rated investment grade by at least one nationally recognized statistical rating organization. The gross unrealized depreciation for mortgage-backed securities included $33 thousand related to sub-prime and alt-A loans. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments.

Other invested assets, at fair value, is comprised of common shares of the Company's ultimate parent, Group. At March 31, 2014, the Company held 9,719,971 shares of Group representing 17.4% of the total outstanding shares.

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

	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Fixed maturities	$ 51,079	$ 53,899
Equity securities	8,937	7,731
Short-term investments and cash	186	266
Other invested assets		
Limited partnerships	(3,087)	11,348
Dividends from Parent's shares	7,290	4,666
Other	2,021	2,320
Gross investment income before adjustments	66,426	80,230
Funds held interest income (expense)	2,109	2,418
Gross investment income	68,535	82,648
Investment expenses	(4,748)	(5,779)
Net investment income	$ 63,787	$ 76,869

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

The Company had contractual commitments to invest up to an additional $97,761 thousand in limited partnerships at March 31, 2014. These commitments will be funded when called in accordance with the partnership agreements, which have investment periods that expire, unless extended, through 2018.

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

(Dollars in thousands)	Three Months Ended March 31, 2014	2013
Fixed maturity securities, market value:		
Other-than-temporary impairments	$ -	$ -
Gains (losses) from sales	(1,997)	2,089
Fixed maturity securities, fair value:		
Gain (losses) from sales	940	(58)
Gains (losses) from fair value adjustments	-	84
Equity securities, market value:		
Gains (losses) from sales	-	-
Equity securities, fair value:		
Gains (losses) from sales	(1,336)	8,083
Gains (losses) from fair value adjustments	25,753	106,069
Other invested assets, fair value:		
Gains (losses) from fair value adjustments	(27,410)	193,525
Short-term investment gains (losses)	-	14
Total net realized capital gains (losses)	$ (4,050)	$ 309,806

The Company recorded as net realized capital gains (losses) in the consolidated statements of operations and comprehensive income (loss) both fair value re-measurements and write-downs in the value of securities deemed to be impaired on an other-than-temporary basis as displayed in the table above. The Company had no other-than-temporary impaired securities where the impairment had both a credit and non-credit component.

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

(Dollars in thousands)	Three Months Ended March 31, 2014	2013
Proceeds from sales of fixed maturity securities	$ 170,341	$ 170,598
Gross gains from sales	2,475	3,811
Gross losses from sales	(3,532)	(1,780)
Proceeds from sales of equity securities	$ 176,116	$ 103,828
Gross gains from sales	6,588	8,869
Gross losses from sales	(7,924)	(786)

4. FAIR VALUE

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

In limited instances where prices are not provided by pricing services or in rare instances when a manager may not agree with the pricing service, price quotes on a non-binding basis are obtained from investment brokers. The investment asset managers do not make any changes to prices received from either the pricing services or the investment brokers. In addition, the investment asset managers have procedures in place to review the reasonableness of the prices from the service providers and may request verification of the prices. In addition, the Company continually performs analytical reviews of price changes and tests the prices on a random basis to an independent pricing source. No material variances were noted during these price validation procedures. In limited situations, where financial markets are inactive or illiquid, the Company may use its own assumptions about future cash flows and risk-adjusted discount rates to determine fair value. The Company made no such adjustments at March 31, 2014 and December 31, 2013.

The Company internally manages a small public equity portfolio which had a fair value at March 31, 2014 and December 31, 2013, of $87,317 thousand and $88,338 thousand, respectively, and all prices were obtained from publically published sources.

Equity securities in U.S. denominated currency are categorized as Level 1, Quoted Prices in Active Markets for Identical Assets, since the securities are actively traded on an exchange and prices are based on quoted prices from the exchange. Equity securities traded on foreign exchanges are categorized as Level 2 due to potential foreign exchange adjustments to fair or market value.

Fixed maturity securities are generally categorized as Level 2, Significant Other Observable Inputs, since a particular security may not have traded but the pricing services are able to use valuation models with observable market inputs such as interest rate yield curves and prices for similar fixed maturity securities in terms of issuer, maturity and seniority. Valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk) are categorized as Level 3, Significant Unobservable Inputs. These securities include broker priced securities.

As of March 31, 2014 and December 31, 2013, all Level 3 fixed maturity securities, were priced using single non-binding broker quotes since prices for these securities were not provided by normal pricing service companies. The single broker quotes are provided by market makers or broker-dealers who are recognized as market participants in the markets in which they are providing the quotes. The prices received from brokers are reviewed for reasonableness by the third party asset managers and the Company.

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

The following table presents the fair value measurement levels for all assets, which the Company has recorded at fair value (fair and market value) as of the period indicated:

		Fair Value Measurement Using:		
(Dollars in thousands)	March 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Fixed maturities, market value				
U.S. Treasury securities and obligations of				
U.S. government agencies and corporations	$ 74,980	$ -	$ 74,980	$ -
Obligations of U.S. States and political subdivisions	966,324	-	966,324	-
Corporate securities	2,003,743	-	2,003,743	-
Asset-backed securities	52,435	-	49,391	3,044
Mortgage-backed securities				
Commercial	36,454	-	36,454	-
Agency residential	685,424	-	685,424	-
Non-agency residential	901	-	897	4
Foreign government securities	645,591	-	645,591	-
Foreign corporate securities	1,071,989	-	1,071,516	473
Total fixed maturities, market value	5,537,841	-	5,534,320	3,521
Fixed maturities, fair value	-	-	-	-
Equity securities, market value	13	13	-	-
Equity securities, fair value	1,224,669	1,108,586	116,083	-
Other invested assets, fair value	1,487,642	1,487,642	-	-

There were no transfers between Level 1 and Level 2 for the three months ended March 31, 2014.

The following table presents the fair value measurement levels for all assets, which the Company has recorded at fair value (fair and market value) as of the period indicated:

		Fair Value Measurement Using:		
(Dollars in thousands)	December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Fixed maturities, market value				
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 71,685	$ -	$ 71,685	$ -
Obligations of U.S. States and political subdivisions	1,002,528	-	1,002,528	-
Corporate securities	1,702,415	-	1,702,415	-
Asset-backed securities	39,609	-	36,076	3,533
Mortgage-backed securities				
Commercial	38,666	-	38,666	-
Agency residential	697,399	-	697,399	-
Non-agency residential	939	-	935	4
Foreign government securities	674,827	-	674,827	-
Foreign corporate securities	973,853	-	973,372	481
Total fixed maturities, market value	5,201,921	-	5,197,903	4,018
Fixed maturities, fair value	19,388	-	19,388	-
Equity securities, market value	13	13	-	-
Equity securities, fair value	1,298,940	1,179,139	119,801	-
Other invested assets, fair value	1,515,052	1,515,052	-	-

The following tables present the activity under Level 3, fair value measurements using significant unobservable inputs by asset type, for the periods indicated:

	Three Months Ended March 31, 2014				Three Months Ended March 31, 2013				
(Dollars in thousands)	Asset-backed Securities	Foreign Corporate	Non-agency RMBS	Total	Asset-backed Securities	Foreign Corporate	Non-agency RMBS	Agency RMBS	Total
Beginning balance	$ 3,533	$ 481	$ 4	$ 4,018	$ 4,849	$ 11,421	$ 5	$ 29,398	$ 45,673
Total gains or (losses) (realized/unrealized)				-					
Included in earnings	18	1	1	20	(99)	(2)	-	-	(101)
Included in other comprehensive income (loss)	65	-	-	65	(190)	(124)	-	-	(314)
Purchases, issuances and settlements	(572)	(9)	(1)	(582)	126	750	-	-	876
Transfers in and/or (out) of Level 3	-	-	-	-	-	(10,253)	-	(29,398)	(39,651)
Ending balance	$ 3,044	$ 473	$ 4	$ 3,521	$ 4,686	$ 1,792	$ 5	$ -	$ 6,483
The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(Some amounts may not reconcile due to rounding.)

There were no transfers from level 3, fair value measurements using significant unobservable inputs, for the three months ended March 31, 2014. The transfer from level 3, fair value measurements using significant unobservable inputs, of $39,651 thousand of investments for the three months ended March 31, 2013, primarily relates to securities that were priced using single non-binding broker quotes as of December 31, 2012. The securities were subsequently priced using a recognized pricing service as of March 31, 2013 and were classified as level 2 as of that date.

5. CAPITAL TRANSACTIONS

On October 14, 2011, the Company renewed its shelf registration statement on Form S-3ASR with the SEC, as a Well Known Seasoned Issuer. This shelf registration statement can be used by Group to register common shares, preferred shares, debt securities, warrants, share purchase contracts and share purchase units; by Holdings to register debt securities and by Everest Re Capital Trust III ("Capital Trust III") to register trust preferred securities.

6. CONTINGENCIES

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

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

In 1993 and prior, the Company had a business arrangement with The Prudential Insurance Company of America ("The Prudential") wherein, for a fee, the Company accepted settled claim payment obligations of certain property and casualty insurers, and, concurrently, became the owner of the annuity or assignee of the annuity proceeds funded by the property and casualty insurers specifically to fulfill these fully settled obligations. In these circumstances, the Company would be liable if The Prudential, which has an A+ (Superior) financial strength rating from A.M. Best Company ("A.M. Best"), was unable to make the annuity payments. The table below presents the estimated cost to replace all such annuities for which the Company was contingently liable for the periods indicated:

(Dollars in thousands)	At March 31, 2014	At December 31, 2013
	$ 144,411	$ 144,734

Prior to its 1995 initial public offering, the Company purchased annuities from an unaffiliated life insurance company with an A+ (Superior) financial strength rating from A.M. Best to settle certain claim liabilities of the company. Should the life insurance company become unable to make the annuity payments, the Company would be liable for those claim liabilities. The table below presents the estimated cost to replace all such annuities for which the Company was contingently liable for the periods indicated:

(Dollars in thousands)	At March 31, 2014	At December 31, 2013
	$ 30,123	$ 30,664

7. OTHER COMPREHENSIVE INCOME (LOSS)

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

	Three Months Ended March 31, 2014			Three Months Ended March 31, 2013		
(Dollars in thousands)	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Unrealized appreciation (depreciation) ("URA(D)") on securities - temporary	$ 31,996	$ (11,199)	$ 20,797	$ (8,528)	$ 2,985	$ (5,543)
URA(D) on securities - OTTI	-	-	-	(97)	34	(63)
Reclassification of net realized losses (gains) included in net income (loss)	1,997	(699)	1,298	(2,089)	731	(1,358)
Foreign currency translation adjustments	(12,055)	4,219	(7,836)	(11,686)	4,090	(7,596)
Benefit plan actuarial net gain (loss)	-	-	-	-	-	-
Reclassification of amortization of net gain (loss) included in net income (loss)	1,186	(415)	771	2,070	(724)	1,346
Total other comprehensive income (loss)	$ 23,124	$ (8,094)	$ 15,030	$ (20,330)	$ 7,116	$ (13,214)

The following table presents details of the amounts reclassified from accumulated other comprehensive income ("AOCI") for the periods indicated:

AOCI component	Three months ended March 31, 2014	Three months ended March 31, 2013	Affected line item within the statements of operations and comprehensive income (loss)
(Dollars in thousands)			
URA(D) on securities	$ 1,997	$ (2,089)	Other net realized capital gains (losses)
	(699)	731	Income tax expense (benefit)
	$ 1,298	$ (1,358)	Net income (loss)
Benefit plan net gain (loss)	$ 1,186	$ 2,070	Other underwriting expenses
	(415)	(724)	Income tax expense (benefit)
	$ 771	$ 1,346	Net income (loss)

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

(Dollars in thousands)	At March 31, 2014	At December 31, 2013
Beginning balance of URA (D) on securities	$ 55,457	$ 157,163
Current period change in URA (D) of investments - temporary	22,095	(101,447)
Current period change in URA (D) of investments - non-credit OTTI	-	(259)
Ending balance of URA (D) on securities	77,552	55,457
Beginning balance of foreign currency translation adjustments	71,087	90,215
Current period change in foreign currency translation adjustments	(7,836)	(19,128)
Ending balance of foreign currency translation adjustments	63,251	71,087
Beginning balance of benefit plan net gain (loss)	(38,896)	(62,511)
Current period change in benefit plan net gain (loss)	771	23,615
Ending balance of benefit plan net gain (loss)	(38,125)	(38,896)
Ending balance of accumulated other comprehensive income (loss)	$ 102,678	$ 87,648

8. CREDIT FACILITY

Effective August 15, 2011, the Company entered into a three year, $150,000 thousand unsecured revolving credit facility with a syndicate of lenders, referred to as the "Holdings Credit Facility". Citibank N.A. is the administrative agent for the Holdings Credit Facility. The Holdings Credit Facility may be used for liquidity and general corporate purposes. The Holdings Credit Facility provides for the borrowing of up to $150,000 thousand with interest at a rate selected by Holdings equal to either, (1) the Base Rate (as defined below) or (2) a periodic fixed rate equal to the Eurodollar Rate plus an applicable margin. The Base Rate means a fluctuating interest rate per annum in effect from time to time to be equal to the higher of (a) the rate of interest publicly announced by Citibank as its base rate, (b) 0.5% per annum above the Federal Funds Rate or (c) 1% above the one month London Interbank Offered Rate ("LIBOR"), in each case plus the applicable margin. The amount of margin and the fees payable for the Holdings Credit Facility depends upon Holdings' senior unsecured debt rating.

The Holdings Credit Facility requires Holdings to maintain a debt to capital ratio of not greater than 0.35 to 1 and Everest Re to maintain its statutory surplus at $1,875,000 thousand plus 25% of future aggregate net income and 25% of future aggregate capital contributions after December 31, 2010, which at March 31, 2014, was $2,155,750 thousand. As of March 31, 2014, the Company was in compliance with all Holdings Credit Facility covenants.

There are certain regulatory and contractual restrictions on the ability of Holdings' operating subsidiaries to transfer funds to Holdings in the form of cash dividends, loans or advances. The insurance laws of the State of Delaware, where Holdings' direct insurance subsidiaries are domiciled, require regulatory approval before those subsidiaries can pay dividends or make loans or advances to Holdings that exceed certain statutory thresholds. At December 31, 2013, $2,294,461 thousand of the $3,136,782 thousand in net assets of Holdings' consolidated subsidiaries were subject to the foregoing regulatory restrictions.

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

(Dollars in thousands)	At March 31, 2014				At December 31, 2013			
Bank	Commitment	In Use	Date of Loan	Maturity/Expiry Date	Commitment	In Use	Date of Loan	Maturity/Expiry Date
Citibank Holdings Credit Facility	$ 150,000	$ -			$ 150,000	$ -		
Total revolving credit borrowings		-				-		
Total letters of credit		851		12/31/2014		851		12/31/2014
Total Citibank Holdings Credit Facility	$ 150,000	$ 851			$ 150,000	$ 851		

The following table presents the costs incurred in connection with the Holdings Credit Facility for the periods indicated:

	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Credit facility fees incurred	$ 42	$ 65

9. TRUST AGREEMENTS

A subsidiary of the Company, Everest Re, has established a trust agreement, which effectively uses Everest Re's investments as collateral, as security for assumed losses payable to a non-affiliated ceding company. At March 31, 2014, the total amount on deposit in the trust account was $193,504 thousand.

10. SENIOR NOTES

The table below displays Holdings' outstanding senior notes. Market value is based on quoted market prices, but due to limited trading activity, these senior notes are considered Level 2 in the fair value hierarchy.

				March 31, 2014		December 31, 2013	
(Dollars in thousands)	Date Issued	Date Due	Principal Amounts	Consolidated Balance Sheet Amount	Market Value	Consolidated Balance Sheet Amount	Market Value
5.40% Senior notes	10/12/2004	10/15/2014	$ 250,000	$ 249,971	$ 256,500	$ 249,958	$ 259,130

Interest expense incurred in connection with these senior notes is as follows for the periods indicated:

	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Interest expense incurred	$ 3,388	$ 3,387

11. LONG TERM SUBORDINATED NOTES

The table below displays Holdings' outstanding fixed to floating rate long term subordinated notes. Market value is based on quoted market prices, but due to limited trading activity, these subordinated notes are considered Level 2 in the fair value hierarchy.

			Maturity Date		March 31, 2014		December 31, 2013	
(Dollars in thousands)	Date Issued	Original Principal Amount	Scheduled	Final	Consolidated Balance Sheet Amount	Market Value	Consolidated Balance Sheet Amount	Market Value
6.6% Long term subordinated notes	04/26/2007	$ 400,000	05/15/2037	05/01/2067	$ 238,361	$ 249,411	$ 238,361	$ 233,292

During the fixed rate interest period from May 3, 2007 through May 14, 2017, interest will be at the annual rate of 6.6%, payable semi-annually in arrears on November 15 and May 15 of each year, commencing on November 15, 2007, subject to Holdings' right to defer interest on one or more occasions for up to ten consecutive years. During the floating rate interest period from May 15, 2017 through maturity, interest will be based on the 3 month LIBOR plus 238.5 basis points, reset quarterly, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, subject to Holdings' right to defer interest on one or more occasions for up to ten consecutive years. Deferred interest will accumulate interest at the applicable rate compounded semi-annually for periods prior to May 15, 2017, and compounded quarterly for periods from and including May 15, 2017.

Holdings can redeem the long term subordinated notes prior to May 15, 2017, in whole but not in part at the applicable redemption price, which will equal the greater of (a) 100% of the principal amount being redeemed and (b) the present value of the principal payment on May 15, 2017 and scheduled payments of interest that would have accrued from the redemption date to May 15, 2017 on the long term subordinated notes being redeemed, discounted to the redemption date on a semi-annual basis at a discount rate equal to the treasury rate plus an applicable spread of either 0.25% or 0.50%, in each case plus accrued and unpaid interest. Holdings may redeem the long term subordinated notes on or after May 15, 2017, in whole or in part at 100% of the principal amount plus accrued and unpaid interest; however, redemption on or after the scheduled maturity date and prior to May 1, 2047 is subject to a replacement capital covenant. This covenant is for the benefit of certain senior note holders and it mandates that Holdings receive proceeds from the sale of another subordinated debt issue, of at least similar size, before it may redeem the subordinated notes.

On March 19, 2009, Group announced the commencement of a cash tender offer for any and all of the 6.60% fixed to floating rate long term subordinated notes. Upon expiration of the tender offer, the Company had reduced its outstanding debt by $161,441 thousand.

Interest expense incurred in connection with these long term subordinated notes is as follows for the periods indicated:

	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Interest expense incurred	$ 3,937	$ 3,937

12. JUNIOR SUBORDINATED DEBT SECURITIES PAYABLE

In accordance with the provisions of the junior subordinated debt securities which were issued on March 29, 2004, Holdings elected to redeem the $329,897 thousand of 6.2% junior subordinated debt securities outstanding on May 24, 2013. As a result of the early redemption, the Company incurred pre-tax expense of $7,282 thousand related to the immediate amortization of the remaining capitalized issuance costs on the trust preferred securities.

Interest expense incurred in connection with these junior subordinated debt securities is as follows for the periods indicated:

	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Interest expense incurred	$ -	$ 5,113

Holdings considered the mechanisms and obligations relating to the trust preferred securities, taken together, constituted a full and unconditional guarantee by Holdings of Capital Trust II's payment obligations with respect to their trust preferred securities.

13. SEGMENT REPORTING

The U.S. Reinsurance operation writes property and casualty reinsurance and specialty lines of business, including Marine, Aviation, Surety and Accident and Health ("A&H") business, on both a treaty and facultative basis, through reinsurance brokers, as well as directly with ceding companies primarily within the U.S. The International operation writes non-U.S. property and casualty reinsurance through Everest Re's branches in Canada, Singapore and through offices in Brazil, Miami and New Jersey. The Insurance operation writes property and casualty insurance, including medical stop loss insurance, directly and through general agents, brokers and surplus lines brokers within the U.S. and Canada.

These segments are managed independently, but conform with corporate guidelines with respect to pricing, risk management, control of aggregate catastrophe exposures, capital, investments and support operations. Management generally monitors and evaluates the financial performance of these operating segments based upon their underwriting results.

Underwriting results include earned premium less losses and loss adjustment expenses ("LAE") incurred, commission and brokerage expenses and other underwriting expenses. Underwriting results are measured using ratios, in particular loss, commission and brokerage and other underwriting expense ratios, which, respectively, divide incurred losses, commissions and brokerage and other underwriting expenses by premiums earned.

The Company does not maintain separate balance sheet data for its operating segments. Accordingly, the Company does not review and evaluate the financial results of its operating segments based upon balance sheet data.

U.S. Reinsurance	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
(Dollars in thousands)		
Gross written premiums	$ 530,301	$ 434,791
Net written premiums	251,521	217,623
Premiums earned	$ 218,191	$ 196,945
Incurred losses and LAE	115,984	101,194
Commission and brokerage	40,136	38,130
Other underwriting expenses	9,482	10,534
Underwriting gain (loss)	$ 52,589	$ 47,087

International	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
(Dollars in thousands)		
Gross written premiums	$ 328,878	$ 300,399
Net written premiums	141,457	133,789
Premiums earned	$ 145,004	$ 141,893
Incurred losses and LAE	83,575	82,083
Commission and brokerage	29,169	28,107
Other underwriting expenses	7,837	7,930
Underwriting gain (loss)	$ 24,423	$ 23,773

Insurance	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
(Dollars in thousands)		
Gross written premiums	$ 225,276	$ 248,556
Net written premiums	106,726	124,755
Premiums earned	$ 107,250	$ 109,168
Incurred losses and LAE	78,487	85,364
Commission and brokerage	6,789	1,885
Other underwriting expenses	21,932	25,058
Underwriting gain (loss)	$ 42	$ (3,139)

The following table reconciles the underwriting results for the operating segments to income (loss) before taxes as reported in the consolidated statements of operations and comprehensive income (loss) for the periods indicated:

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
(Dollars in thousands)		
Underwriting gain (loss)	$ 77,054	$ 67,721
Net investment income	63,787	76,869
Net realized capital gains (losses)	(4,050)	309,806
Corporate expense	(1,302)	(1,772)
Interest, fee and bond issue cost amortization expense	(7,436)	(12,616)
Other income (expense)	(3,055)	(9,661)
Income (loss) before taxes	$ 124,998	$ 430,347

The Company produces business in the U.S. and internationally. The net income deriving from assets residing in the individual foreign countries in which the Company writes business are not identifiable in the Company's financial records. Based on gross written premium, the table below presents the largest country, other than the U.S., in which the Company writes business, for the periods indicated:

	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Canada	$ 37,659	$ 40,146

No other country represented more than 5% of the Company's revenues.

14. RELATED-PARTY TRANSACTIONS

Parent

Group's Board of Directors approved an amended share repurchase program authorizing Group and/or its subsidiary Holdings to purchase Group's common shares through open market transactions, privately negotiated transactions or both. The table below represents the amendments to the share repurchase program for the common shares approved for repurchase.

Amendment Date	Common Shares Authorized for Repurchase
(Dollars in thousands)	
09/21/2004	5,000,000
07/21/2008	5,000,000
02/24/2010	5,000,000
02/22/2012	5,000,000
05/15/2013	5,000,000
	25,000,000

As of March 31, 2014, Holdings held 9,719,971 common shares of Group, which it had purchased in the open market between February 1, 2007 and March 8, 2011. The table below represents the total purchase price for these common shares purchased.

(Dollars in thousands)	
Total purchase price	$ 835,371

Holdings reports these purchases as other invested assets, fair value, in the consolidated balance sheets with changes in fair value re-measurement recorded in net realized capital gains (losses) in the consolidated statements of operations and comprehensive income (loss). The following table presents the dividends received on these common shares that are reported as net investment income in the consolidated statements of operations and comprehensive income (loss) for the period indicated.

	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Dividends received	$ 7,290	$ 4,666

Outside Directors

During the normal course of business, the Company, through its affiliates, engages in insurance and brokerage and commission business transactions, with companies controlled by or affiliated with one or more of Group's outside directors. Such transactions, individually and in the aggregate, are not material to the Company's financial condition, results of operation and cash flows.

Affiliated Companies

Everest Global Services, Inc. (“Global Services”), an affiliate of Holdings, provides centralized management and home office services, through a management agreement, to Holdings and other affiliated companies within Holdings’ consolidated structure. Services provided by Everest Global include executive managerial services, legal services, actuarial services, accounting services, information technology services and others.

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

	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Expenses incurred	$ 15,843	$ 18,555

Affiliates

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

(Dollars in thousands)

Coverage Period	Ceding Company	Percent Ceded	Assuming Company	Type of Business	Single Occurrence Limit	Aggregate Limit
01/01/2002-12/31/2002	Everest Re	20.0%	Bermuda Re	property / casualty business	$ -	$ -
01/01/2003-12/31/2003	Everest Re	25.0%	Bermuda Re	property / casualty business	-	-
01/01/2004-12/31/2005	Everest Re	22.5%	Bermuda Re	property / casualty business	-	-
	Everest Re	2.5%	Everest International	property / casualty business	-	-
01/01/2006-12/31/2006	Everest Re	18.0%	Bermuda Re	property business	125,000 (1)	-
	Everest Re	2.0%	Everest International	property business	-	-
01/01/2006-12/31/2007	Everest Re	31.5%	Bermuda Re	casualty business	-	-
	Everest Re	3.5%	Everest International	casualty business	-	-
01/01/2007-12/31/2007	Everest Re	22.5%	Bermuda Re	property business	130,000 (1)	-
	Everest Re	2.5%	Everest International	property business	-	-
01/01/2008-12/31/2008	Everest Re	36.0%	Bermuda Re	property / casualty business	130,000 (1)	275,000 (2)
	Everest Re	4.0%	Everest International	property / casualty business	-	-
01/01/2009-12/31/2009	Everest Re	36.0%	Bermuda Re	property / casualty business	150,000 (1)	325,000 (2)
	Everest Re	8.0%	Everest International	property / casualty business	-	-
01/01/2010-12/31/2010	Everest Re	44.0%	Bermuda Re	property / casualty business	150,000	325,000
01/01/2011-12/31/2011	Everest Re	50.0%	Bermuda Re	property / casualty business	150,000	300,000
01/01/2012	Everest Re	50.0%	Bermuda Re	property / casualty business	100,000	200,000
01/01/2003-12/31/2006	Everest Re- Canadian Branch	50.0%	Bermuda Re	property business	-	-
01/01/2007-12/31/2009	Everest Re- Canadian Branch	60.0%	Bermuda Re	property business	-	-
01/01/2010-12/31/2010	Everest Re- Canadian Branch	60.0%	Bermuda Re	property business	350,000 (3)	-
01/01/2011-12/31/2011	Everest Re- Canadian Branch	60.0%	Bermuda Re	property business	350,000 (3)	-
01/01/2012-12/31/2012	Everest Re- Canadian Branch	75.0%	Bermuda Re	property / casualty business	206,250 (3)	412,500 (3)
01/01/2013-12/31/2013	Everest Re- Canadian Branch	75.0%	Bermuda Re	property / casualty business	150,000 (3)	412,500 (3)
01/01/2014	Everest Re- Canadian Branch	75.0%	Bermuda Re	property / casualty business	262,500 (3)	412,500 (3)
01/01/2012	Everest Canada	80.0%	Everest Re- Canadian Branch	property business	-	-

(1) The single occurance limit is applied before the loss cessions to either Bermuda Re or Everest International.

(2) The aggregate limit is applied before the loss cessions to either Bermuda Re or Everest International.

(3) Amounts shown are Canadian dollars.

For premiums earned and losses incurred for the period January 1, 2002 through December 31, 2002, Everest Re, Everest National Insurance Company and Everest Security Insurance Company entered into an Excess of Loss Reinsurance Agreement with Bermuda Re, covering workers' compensation losses occurring on and after January 1, 2002, as respect to new, renewal and in force policies effective on that date through December 31, 2002. This agreement was commuted as of September 30, 2013. The table below represents Bermuda Re's liability limits for any losses per one occurrence.

	Liability Limits	
(Dollars in thousands)	Exceeding	Not to Exceed
Losses per one occurrence	$ 100,000	$ 150,000

The table below represents loss portfolio transfer reinsurance agreements whereby net insurance exposures and reserves were transferred to an affiliate.

(Dollars in thousands)

Effective Date	Transferring Company	Assuming Company	% of Business or Amount of Transfer	Covered Period of Transfer
09/19/2000	Mt. McKinley	Bermuda Re	100%	All years
10/01/2001	Everest Re (Belgium Branch)	Bermuda Re	100%	All years
10/01/2008	Everest Re	Bermuda Re	$ 747,022	01/01/2002-12/31/2007

The following tables summarize the premiums and losses ceded by the Company to Bermuda Re and Everest International, respectively, and premiums and losses assumed by the Company from Everest Canada for the periods indicated:

Bermuda Re	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Ceded written premiums	$ 518,017	$ 477,131
Ceded earned premiums	479,813	454,382
Ceded losses and LAE (a)	238,501	231,531

Everest International	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Ceded written premiums	$ (115)	$ (135)
Ceded earned premiums	(74)	61
Ceded losses and LAE	1,884	40

Everest Canada	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Assumed written premiums	$ 4,010	$ 2,838
Assumed earned premiums	4,688	3,770
Assumed losses and LAE	3,292	2,226

(a) Ceded losses and LAE include the Mt. McKinley loss portfolio transfer that constitutes losses ceded under retroactive reinsurance and therefore, in accordance with FASB guidance, a deferred gain on retroactive reinsurance is reflected in other expenses on the consolidated statements of operations and comprehensive income (loss).

Everest Re sold net assets of its UK branch to Bermuda Re and provided Bermuda Re with a reserve indemnity agreement allowing for indemnity payments of up to 90% of £25.0 million of the excess of 2002 and prior reserves, provided that any recognition of profit from the reserves for 2002 and prior underwriting years is taken into account. The limit available under this agreement was fully exhausted at December 31, 2004.

Effective February 27, 2013, Group established a new subsidiary, Mt. Logan Re, which is a Class 3 insurer based in Bermuda. Effective July 1, 2013, Mt. Logan Re established separate segregated accounts for its business activity, which will invest in a diversified set of catastrophe exposures.

The following table summarizes the premiums and losses that are ceded by the Company to Mt. Logan Re and assumed by the Company from Mt. Logan Re.

Mt. Logan Re	Three Months Ended March 31,	
(Dollars in thousands)	2014	2013
Ceded written premiums	$ 28,366	$ -
Ceded earned premiums	17,837	-
Ceded losses and LAE	5,143	-
Assumed written premiums	9,919	-
Assumed earned premiums	2,106	-
Assumed losses and LAE	-	-

15. INCOME TAXES

The Company is domiciled in the United States and has subsidiaries domiciled within the United States with significant branches in Canada and Singapore. The Company's non-U.S. branches are subject to income taxation at varying rates in their respective domiciles.

For interim reporting periods, the company is generally required to use the annualized effective tax rate ("AETR") method, as prescribed by ASC 740-270, Interim Reporting, to calculate its income tax provision. Under this method, the AETR is applied to the interim year-to-date pre-tax income to determine the income tax expense or benefit for the year-to-date period. The income tax expense or benefit for a quarter represents the difference between the year-to-date income tax expense or benefit for the current year-to-date period less such amount for the immediately preceding year-to-date period. Management considers the impact of all known events in its estimation of the Company's annual pre-tax income and AETR.

16. SUBSEQUENT EVENTS

On April 24, 2014, the Company entered into two reinsurance agreements with Kilimanjaro Re Limited ("Kilimanjaro"), a Bermuda-based special purpose reinsurer, to provide the Company with catastrophe reinsurance coverage. Kilimanjaro has funded the catastrophe reinsurance coverage through the issuance of two classes of catastrophe reinsurance bonds in an aggregate amount of $450,000 thousand.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Industry Conditions.

The worldwide reinsurance and insurance businesses are highly competitive, as well as cyclical by product and market. As such, financial results tend to fluctuate with periods of constrained availability, high rates and strong profits followed by periods of abundant capacity, low rates and constrained profitability. Competition in the types of reinsurance and insurance business that we underwrite is based on many factors, including the perceived overall financial strength of the reinsurer or insurer, ratings of the reinsurer or insurer by A.M. Best and/or Standard & Poor's, underwriting expertise, the jurisdictions where the reinsurer or insurer is licensed or otherwise authorized, capacity and coverages offered, premiums charged, other terms and conditions of the reinsurance and insurance business offered, services offered, speed of claims payment and reputation and experience in lines written. Furthermore, the market impact from these competitive factors related to reinsurance and insurance is generally not consistent across lines of business, domestic and international geographical areas and distribution channels.

We compete in the U.S. and international reinsurance and insurance markets with numerous global competitors. Our competitors include independent reinsurance and insurance companies, subsidiaries or affiliates of established worldwide insurance companies, reinsurance departments of certain insurance companies and domestic and international underwriting operations, including underwriting syndicates at Lloyd's. Some of these competitors have greater financial resources than we do and have established long term and continuing business relationships, which can be a significant competitive advantage. In addition, the lack of strong barriers to entry into the reinsurance business and the potential for securitization of reinsurance and insurance risks through capital markets provide additional sources of potential reinsurance and insurance capacity and competition.

Worldwide insurance and reinsurance market conditions continued to be very competitive, particularly in the casualty lines of business. Generally, there was ample insurance and reinsurance capacity relative to demand. Competition and its effect on rates, terms and conditions vary widely by market and coverage yet continued to be most prevalent in the U.S. casualty insurance and reinsurance markets and additional capacity from the capital markets is impacting worldwide catastrophe rates.

Catastrophe rates tend to fluctuate by global region, particularly areas recently impacted by large catastrophic events. During the second and third quarters of 2013, Canada experienced historic flooding in Alberta and Toronto, which has resulted in higher catastrophe rates in these areas. Although there were flooding and wind storm events in Europe and Asia in the latter part of 2013, the overall 2013 catastrophe losses for the industry were lower than average. This lower level of losses, combined with increased competition is putting downward pressure on rates in certain geographical areas resulting in lower rates for most catastrophe coverages in the beginning of 2014.

Overall, we believe that current marketplace conditions, particularly for catastrophe coverages, provide profit opportunities for us given our strong ratings, distribution system, reputation and expertise. We continue to employ our strategy of targeting business that offers the greatest profit potential, while maintaining balance and diversification in our overall portfolio.

Financial Summary.
We monitor and evaluate our overall performance based upon financial results. The following table displays a summary of the consolidated net income (loss), ratios and stockholder's equity for the periods indicated:

(Dollars in millions)	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	Percentage Increase/ (Decrease)
Gross written premiums	$ 1,084.5	$ 983.7	10.2%
Net written premiums	499.7	476.2	4.9%
REVENUES:			
Premiums earned	$ 470.4	$ 448.0	5.0%
Net investment income	63.8	76.9	-17.0%
Net realized capital gains (losses)	(4.1)	309.8	-101.3%
Other income (expense)	(3.1)	(9.7)	-68.4%
Total revenues	527.1	825.0	-36.1%
CLAIMS AND EXPENSES:			
Incurred losses and loss adjustment expenses	278.0	268.6	3.5%
Commission, brokerage, taxes and fees	76.1	68.1	11.7%
Other underwriting expenses	39.3	43.5	-9.8%
Corporate expense	1.3	1.8	-26.6%
Interest, fee and bond issue cost amortization expense	7.4	12.6	-41.1%
Total claims and expenses	402.1	394.7	1.9%
INCOME (LOSS) BEFORE TAXES	125.0	430.3	-71.0%
Income tax expense (benefit)	38.5	144.7	-73.4%
NET INCOME (LOSS)	$ 86.5	$ 285.7	-69.7%
RATIOS:			Point Change
Loss ratio	59.1%	60.0%	(0.9)
Commission and brokerage ratio	16.2%	15.2%	1.0
Other underwriting expense ratio	8.3%	9.7%	(1.4)
Combined ratio	83.6%	84.9%	(1.3)

(Dollars in millions)	At March 31, 2014	At December 31, 2013	Percentage Increase/ (Decrease)
Balance sheet data:			
Total investments and cash	$ 9,538.0	$ 9,495.1	0.5%
Total assets	15,897.0	15,521.0	2.4%
Loss and loss adjustment expense reserves	7,577.1	7,653.2	-1.0%
Total debt	488.3	488.3	0.0%
Total liabilities	11,601.7	11,330.5	2.4%
Stockholder's equity	4,295.4	4,190.5	2.5%

(NM, not meaningful)
(Some amounts may not reconcile due to rounding)

Revenues.
Premiums. Gross written premiums increased by 10.2% to $1,084.5 million for the three months ended March 31, 2014, compared to $983.7 million for the three months ended March 31, 2013, reflecting a $124.0 million, or 16.9%, increase in our reinsurance business, partially offset by a $23.3 million, or 9.4%, decrease in our insurance business. The increase in reinsurance premiums was mainly due to new business, particularly for contracts with catastrophe exposed risks and mortgage guaranty business. The decrease in insurance premiums was primarily due to lower crop premiums, partially offset by an increase in non-standard auto business. Net written premiums increased by 4.9% to $499.7 million for the three months ended March 31, 2014, compared to $476.2 million for the three months ended March 31, 2013. The variance in the growth of net written premiums compared to the growth in gross written premiums is primarily due to the impact of changes in affiliated reinsurance agreements, particularly the formation of Mt.

Logan Re. Premiums earned increased by 5.0% to $470.4 million for the three months ended March 31, 2014, compared to $448.0 million for the three months ended March 31, 2013. The change in premiums earned relative to net written premiums is primarily the result of timing; premiums are earned ratably over the coverage period whereas written premiums are recorded at the initiation of the coverage period.

Net Investment Income. Net investment income decreased by 17.0% to $63.8 million for the three months ended March 31, 2014, compared with net investment income of $76.9 million for the three months ended March 31, 2013. Net pre-tax investment income, as a percentage of average invested assets, was 3.0% for the three months ended March 31, 2014 compared to 3.7% for the three months ended March 31, 2013, primarily reflecting a decline in income from our limited partnership investments.

Net Realized Capital Gains (Losses). Net realized capital losses were $4.1 million and net realized capital gains were $309.8 million for the three months ended March 31, 2014 and 2013, respectively. The $4.1 million was comprised of $2.4 million of losses from sales on our fixed maturity and equity securities and $1.7 million of losses from fair value re-measurements. The net realized capital gains of $309.8 million for the three months ended March 31, 2013, were the result of $299.7 million of gains from fair value re-measurements and $10.1 million of net realized capital gains from sales on our fixed maturity and equity securities.

Other Income (Expense). We recorded other expense of $3.1 million and $9.7 million for the three months ended March 31, 2014 and 2013, respectively. The change was primarily due to fluctuations in currency exchange rates for the corresponding periods and fluctuations in the amortization of deferred gains on retroactive reinsurance agreements with affiliates.

Claims and Expenses.

Incurred Losses and Loss Adjustment Expenses. The following tables present our incurred losses and loss adjustment expenses ("LAE") for the periods indicated.

	Three Months Ended March 31,					
(Dollars in millions)	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2014						
Attritional	$ 281.3	59.8%	$ (0.6)	-0.1%	$ 280.7	59.7%
Catastrophes	-	0.0%	(2.7)	-0.6%	(2.7)	-0.6%
Total segment	$ 281.3	59.8%	$ (3.3)	-0.7%	$ 278.0	59.1%
2013						
Attritional	$ 255.9	57.2%	$ (1.6)	-0.4%	$ 254.3	56.8%
Catastrophes	-	0.0%	14.3	3.2%	14.3	3.2%
Total segment	$ 255.9	57.2%	$ 12.7	2.8%	$ 268.6	60.0%
Variance 2014/2013						
Attritional	$ 25.4	2.6 pts	$ 1.0	0.3 pts	$ 26.4	2.9 pts
Catastrophes	-	- pts	(17.0)	(3.8) pts	(17.0)	(3.8) pts
Total segment	$ 25.4	2.6 pts	$ (16.0)	(3.5) pts	$ 9.4	(0.9) pts

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE increased by 3.5% to $278.0 million for the three months ended March 31, 2014 compared to $268.6 million for the three months ended March 31, 2013, primarily due to increases in current year attritional losses. The increase in current year attritional losses of $25.4 million is primarily due to the impact of the increase in premiums earned. There were no current year catastrophe losses for the three months ended March 31, 2014 and 2013.

Commission, Brokerage, Taxes and Fees. Commission, brokerage, taxes and fees increased by 11.7% to $76.1 million for the three months ended March 31, 2014 compared to $68.1 million for the three months ended March 31, 2013. The year over year change was primarily due to the impact of the increase in premiums earned and the decline in crop business, which has a lower commission ratio.

Other Underwriting Expenses. Other underwriting expenses were $39.3 million and $43.5 million for the three months ended March 31, 2014 and 2013, respectively. The decrease in other underwriting expenses was mainly due to lower employee related expenses.

Corporate Expenses. Corporate expenses, which are general operating expenses that are not allocated to segments, were $1.3 million and $1.8 million for the three months ended March 31, 2014 and 2013, respectively. The decrease in corporate expenses was mainly due to lower compensation expenses.

Interest, Fees and Bond Issue Cost Amortization Expense. Interest, fees and other bond amortization expense was $7.4 million and $12.6 million for the three months ended March 31, 2014 and 2013, respectively. The decrease was primarily due to the redemption of $329.9 million of trust preferred securities in May 2013.

Income Tax Expense (Benefit). We had income tax expenses of $38.5 million and $144.7 million for the three months ended March 31, 2014 and 2013, respectively. Income tax expense is primarily a function of the geographic location of the Company's pre-tax income and the statutory tax rates in those jurisdictions, as affected by tax-exempt investment income and as calculated under the AETR method. Variations in the AETR generally result from changes in the relative levels of pre-tax income, including the impact of catastrophe losses and net capital gains (losses), among jurisdictions with different tax rates. The decrease in income tax expense for the three months ended March 31, 2014 versus 2013 is primarily due to significantly lower net capital gains in the US.

Net Income (Loss).
Our net income was $86.5 million and $285.7 million for the three months ended March 31, 2014 and 2013, respectively. The changes were primarily driven by the financial component fluctuations explained above.

Ratios.
Our combined ratio decreased by 1.3 points to 83.6% for the three months ended March 31, 2014 compared to 84.9% for the three months ended March 31, 2013. The loss ratio component decreased 0.9 points for the three months ended March 31, 2014, over the same period last year, primarily due to changes in the mix of business. The commission and brokerage ratio components increased 1.0 point for the three months ended March 31, 2014 over the same period last year. The other underwriting expense ratio components decreased 1.4 points for the three months ended March 31, 2014 over the same period last year due to lower compensation expenses.

Stockholder's Equity.
Shareholders' equity increased by $104.9 million to $4,295.4 million at March 31, 2014 from $4,190.5 million at December 31, 2013, principally as a result of $86.5 million of net income, $22.1 million of net unrealized depreciation on investments, net of tax, $3.4 million of share-based compensation transactions and $0.8 million of net benefit plan obligation adjustments, partially offset by $7.8 million of net foreign currency translation adjustments.

Consolidated Investment Results

Net Investment Income.

Net investment income decreased 17.0% to $63.8 million for the three months ended March 31, 2014 compared to $76.9 million for the three months ended March 31, 2013. The decreases were primarily due to a decline in income from our limited partnership investments and a decline in income from our fixed maturities, reflective of declining reinvestment rates, partially offset by an increase in dividends from parent's shares.

The following table shows the components of net investment income for the periods indicated:

	Three Months Ended March 31,	
(Dollars in millions)	2014	2013
Fixed maturities	$ 51.1	$ 54.0
Equity securities	8.9	7.7
Short-term investments and cash	0.2	0.3
Other invested assets		
Limited partnerships	(3.1)	11.3
Dividends from Parent's shares	7.3	4.7
Other	2.0	2.3
Gross investment income before adjustments	66.4	80.2
Funds held interest income (expense)	2.1	2.4
Gross investment income	68.5	82.6
Investment expenses	(4.7)	(5.8)
Net investment income	$ 63.8	$ 76.9

(Some amounts may not reconcile due to rounding)

The following tables show a comparison of various investment yields for the periods indicated:

	At March 31, 2014	At December 31, 2013
Imbedded pre-tax yield of cash and invested assets	3.3%	3.3%
Imbedded after-tax yield of cash and invested assets	2.3%	2.4%

	Three Months Ended March 31,	
	2014	2013
Annualized pre-tax yield on average cash and invested assets	3.0%	3.7%
Annualized after-tax yield on average cash and invested assets	2.2%	2.6%

Net Realized Capital Gains (Losses).

The following table presents the composition of our net realized capital gains (losses) for the periods indicated:

(Dollars in millions)	Three Months Ended March 31, 2014	2013	Variance
Gains (losses) from sales:			
Fixed maturity securities, market value			
Gains	$ 1.3	$ 3.7	$ (2.4)
Losses	(3.3)	(1.6)	(1.7)
Total	(2.0)	2.1	(4.1)
Fixed maturity securities, fair value			
Gains	1.2	0.1	1.1
Losses	(0.3)	(0.2)	(0.1)
Total	0.9	(0.1)	1.0
Equity securities, fair value			
Gains	6.6	8.9	(2.3)
Losses	(7.9)	(0.8)	(7.1)
Total	(1.3)	8.1	(9.4)
Total net realized gains (losses) from sales			
Gains	9.1	12.7	(3.6)
Losses	(11.5)	(2.6)	(8.9)
Total	(2.4)	10.1	(12.5)
Other than temporary impairments:	-	-	-
Gains (losses) from fair value adjustments:			
Fixed maturities, fair value	-	0.1	(0.1)
Equity securities, fair value	25.8	106.1	(80.3)
Other invested assets, fair value	(27.4)	193.5	(220.9)
Total	(1.7)	299.7	(301.4)
Total net realized gains (losses)	$ (4.1)	$ 309.8	$ (313.9)

(Some amounts may not reconcile due to rounding)

Net realized capital losses were $4.1 million and net realized capital gains were $309.8 million for the three months ended March 31, 2014 and 2013, respectively. For the three months ended March 31, 2014, we recorded $2.4 million of net realized capital losses from sales of fixed maturity and equity securities and $1.7 million of net realized capital losses due to fair value re-measurements on equity securities and other invested assets. For the three months ended March 31, 2013, we recorded $299.7 million of net realized capital gains due to fair value re-measurements on fixed maturity, equity securities and other invested assets and $10.1 million of net realized capital gains from sales of fixed maturity and equity securities. The fixed maturity and equity sales for the three months ended March 31, 2014 and 2013 related primarily to adjusting the portfolios for overall market changes and individual credit shifts.

Segment Results.
The U.S. Reinsurance operation writes property and casualty reinsurance and specialty lines of business, including Marine, Aviation, Surety and A&H business, on both a treaty and facultative basis, through reinsurance brokers, as well as directly with ceding companies primarily within the U.S. The International operation writes non-U.S. property and casualty reinsurance through Everest Re's branches in Canada, Singapore and through offices in Brazil, Miami and New Jersey. The Insurance operation writes property and casualty insurance, including medical stop loss insurance, directly and through general agents, brokers and surplus lines brokers within the U.S and Canada.

These segments are managed independently, but conform with corporate guidelines with respect to pricing, risk management, control of aggregate catastrophe exposures, capital, investments and support operations. Management generally monitors and evaluates the financial performance of these operating segments based upon their underwriting results.

Underwriting results include earned premium less losses and LAE incurred, commission and brokerage expenses and other underwriting expenses. We measure our underwriting results using ratios, in particular loss, commission and brokerage and other underwriting expense ratios, which respectively, divide incurred losses, commissions and brokerage and other underwriting expenses by premiums earned.

Our loss and LAE reserves are our best estimate of our ultimate liability for unpaid claims. We re-evaluate our estimates on an ongoing basis, including all prior period reserves, taking into consideration all available information and, in particular, recently reported loss claim experience and trends related to prior periods. Such re-evaluations are recorded in incurred losses in the period in which the re-evaluation is made.

The following discusses the underwriting results for each of our segments for the periods indicated:

U.S. Reinsurance.
The following table presents the underwriting results and ratios for the U.S. Reinsurance segment for the periods indicated.

	Three Months Ended March 31,			
(Dollars in millions)	2014	2013	Variance	% Change
Gross written premiums	$ 530.3	$ 434.8	$ 95.5	22.0%
Net written premiums	251.5	217.6	33.9	15.6%
Premiums earned	$ 218.2	$ 196.9	$ 21.2	10.8%
Incurred losses and LAE	116.0	101.2	14.8	14.6%
Commission and brokerage	40.1	38.1	2.0	5.3%
Other underwriting expenses	9.5	10.5	(1.1)	-10.0%
Underwriting gain (loss)	$ 52.6	$ 47.1	$ 5.5	11.7%
				Point Chg
Loss ratio	53.2%	51.4%		1.8
Commission and brokerage ratio	18.4%	19.4%		(1.0)
Other underwriting expense ratio	4.3%	5.3%		(1.0)
Combined ratio	75.9%	76.1%		(0.2)

(Some amounts may not reconcile due to rounding.)

Premiums. Gross written premiums increased by 22.0% to $530.3 million for the three months ended March 31, 2014 from $434.8 million for the three months ended March 31, 2013, primarily due to new business opportunities, particularly for contracts with catastrophe exposed risks and mortgage guaranty business. Net written premiums increased by 15.6% to $251.5 million for the three months ended March 31, 2014 compared to $217.6 million for the three months ended March 31, 2013. The variance in the growth of net written premiums compared to the growth in gross written premiums is due to the impact of changes in affiliated reinsurance agreements. Premiums earned increased 10.8% to $218.2 million for the three months ended March 31, 2014 compared to $196.9 million for the three months ended March 31, 2013. The change in premiums earned relative to net written premiums is primarily the result of timing;

premiums are earned ratably over the coverage period whereas written premiums are recorded at the initiation of the coverage period.

Incurred Losses and LAE. The following tables present the incurred losses and LAE for the U.S. Reinsurance segment for the periods indicated.

	Three Months Ended March 31,					
(Dollars in millions)	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2014						
Attritional	$ 120.6	55.3%	$ (3.2)	-1.5%	$ 117.4	53.8%
Catastrophes	-	0.0%	(1.4)	-0.6%	(1.4)	-0.6%
Total segment	$ 120.6	55.3%	$ (4.6)	-2.1%	$ 116.0	53.2%
2013						
Attritional	$ 88.3	44.9%	$ (2.3)	-1.2%	$ 86.1	43.7%
Catastrophes	-	0.0%	15.1	7.7%	15.1	7.7%
Total segment	$ 88.3	44.9%	$ 12.9	6.5%	$ 101.2	51.4%
Variance 2014/2013						
Attritional	$ 32.3	10.4 pts	$ (0.9)	(0.3) pts	$ 31.3	10.1 pts
Catastrophes	-	- pts	(16.5)	(8.3) pts	(16.5)	(8.3) pts
Total segment	$ 32.3	10.4 pts	$ (17.5)	(8.6) pts	$ 14.8	1.8 pts

(Some amounts may not reconcile due to rounding.)

Incurred losses increased by 14.6% to $116.0 million for the three months ended March 31, 2014 compared to $101.2 million for the three months ended March 31, 2013, primarily due to the increase in current year attritional losses of $32.3 million resulting mainly from the impact of the increase in premiums earned. This decrease was partially offset by a $16.5 million improvement on development on prior years catastrophe losses, mainly due to $11.4 million of favorable development related to Superstorm Sandy in the first quarter of 2013. There were no current year catastrophe losses for the three months ended March 31, 2014 and 2013.

Segment Expenses. Commission and brokerage expenses increased by 5.3% to $40.1 million for the three months ended March 31, 2014 compared to $38.1 million for the three months ended March 31, 2013. The quarter over quarter change was primarily due to the impact of the increase in premiums earned. Segment other underwriting expenses decreased to $9.5 million for the three months ended March 31, 2014 from $10.5 million for the three months ended March 31, 2013 due primarily to lower employee related expenses.

International.
The following table presents the underwriting results and ratios for the International segment for the periods indicated.

(Dollars in millions)	Three Months Ended March 31, 2014	2013	Variance	% Change
Gross written premiums	$ 328.9	$ 300.4	$ 28.5	9.5%
Net written premiums	141.5	133.8	7.7	5.7%
Premiums earned	$ 145.0	$ 141.9	$ 3.1	2.2%
Incurred losses and LAE	83.6	82.1	1.5	1.8%
Commission and brokerage	29.2	28.1	1.1	3.8%
Other underwriting expenses	7.8	7.9	(0.1)	-1.2%
Underwriting gain (loss)	$ 24.4	$ 23.8	$ 0.7	2.7%
				Point Chg
Loss ratio	57.6%	57.8%		(0.2)
Commission and brokerage ratio	20.1%	19.8%		0.3
Other underwriting expense ratio	5.5%	5.6%		(0.1)
Combined ratio	83.2%	83.2%		-

(Some amounts may not reconcile due to rounding.)

Premiums. Gross written premiums increased by 9.5% to $328.9 million for the three months ended March 31, 2014 compared to $300.4 million for the three months ended March 31, 2013, primarily due to growth in Latin America business, partially offset by a negative $14.0 million impact of foreign exchange movements quarter over quarter. Net written premiums increased by 5.7% to $141.5 million for the three months ended March 31, 2014 compared to $133.8 million for the three months ended March 31, 2013. The variance in the growth of net written premiums compared to the growth in gross written premiums is due to the impact of changes in affiliated reinsurance agreements. Premiums earned increased 2.2% to $145.0 million for the three months ended March 31, 2014 compared to $141.9 million for the three months ended March 31, 2013. The change in premiums earned relative to net written premiums is primarily the result of timing; premiums are earned ratably over the coverage period whereas written premiums are recorded at the initiation of the coverage period.

Incurred Losses and LAE. The following tables present the incurred losses and LAE for the International segment for the periods indicated.

	Three Months Ended March 31,					
(Dollars in millions)	Current Year	Ratio %/ Pt Change	Prior Years	Ratio %/ Pt Change	Total Incurred	Ratio %/ Pt Change
2014						
Attritional	$ 84.7	58.4%	$ 0.2	0.2%	$ 85.0	58.6%
Catastrophes	-	0.0%	(1.4)	-1.0%	(1.4)	-1.0%
Total segment	$ 84.7	58.4%	$ (1.1)	-0.8%	$ 83.6	57.6%
2013						
Attritional	$ 87.1	61.4%	$ (4.2)	-3.0%	$ 82.9	58.4%
Catastrophes	-	0.0%	(0.8)	-0.6%	(0.8)	-0.6%
Total segment	$ 87.1	61.4%	$ (5.0)	-3.6%	$ 82.1	57.8%
Variance 2014/2013						
Attritional	$ (2.4)	(3.0) pts	$ 4.4	3.2 pts	$ 2.1	0.2 pts
Catastrophes	-	- pts	(0.6)	(0.4) pts	(0.6)	(0.4) pts
Total segment	$ (2.4)	(3.0) pts	$ 3.9	2.8 pts	$ 1.5	(0.2) pts

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE increased by 1.8% to $83.6 million for the three months ended March 31, 2014 compared to $82.1 million for the three months ended March 31, 2013, primarily due to less favorable development on prior years attritional losses in 2014 compared to 2013. There were no current year catastrophe losses for the three months ended March 31, 2014 and 2013.

Segment Expenses. Commission and brokerage increased 3.8% to $29.2 million for the three months ended March 31, 2014 compared to $28.1 million for the three months ended March 31, 2013. This increase was primarily due to the impact of the increase in premiums earned. Segment other underwriting expenses slightly decreased to $7.8 million for the three months ended March 31, 2014 compared to $7.9 million for the three months ended March 31, 2013.

Insurance.

The following table presents the underwriting results and ratios for the Insurance segment for the periods indicated.

	Three Months Ended March 31,			
(Dollars in millions)	2014	2013	Variance	% Change
Gross written premiums	$ 225.3	$ 248.6	$ (23.3)	-9.4%
Net written premiums	106.7	124.8	(18.0)	-14.5%
Premiums earned	$ 107.3	$ 109.2	$ (1.9)	-1.8%
Incurred losses and LAE	78.5	85.4	(6.9)	-8.1%
Commission and brokerage	6.8	1.9	4.9	NM
Other underwriting expenses	21.9	25.1	(3.1)	-12.5%
Underwriting gain (loss)	$ -	$ (3.1)	$ 3.2	-101.3%
				Point Chg
Loss ratio	73.2%	78.2%		(5.0)
Commission and brokerage ratio	6.3%	1.7%		4.6
Other underwriting expense ratio	20.5%	23.0%		(2.5)
Combined ratio	100.0%	102.9%		(2.9)

(NM, not meaningful)

(Some amounts may not reconcile due to rounding.)

Premiums. Gross written premiums decreased by 9.4% to $225.3 million for the three months ended March 31, 2014 compared to $248.6 million for the three months ended March 31, 2013. This decrease was primarily driven by a decline in crop business. Net written premiums decreased by 14.5% to $106.7 million for the three months ended March 31, 2014 compared to $124.8 million for the three months ended March 31, 2013, which is comparable with the change in gross written premiums. Premiums earned decreased 1.8% to $107.3 million for the three months ended March 31, 2014 compared to $109.2 million for the three months ended March 31, 2013. The change in premiums earned relative to net written premiums is the result of timing; premiums are earned ratably over the coverage period whereas written premiums are recorded at the initiation of the coverage period.

Incurred Losses and LAE. The following tables present the incurred losses and LAE for the Insurance segment for the periods indicated.

	Three Months Ended March 31,								
(Dollars in millions)		Current Year	Ratio %/ Pt Change		Prior Years	Ratio %/ Pt Change		Total Incurred	Ratio %/ Pt Change
2014									
Attritional	$	76.0	70.8%	$	2.4	2.3%	$	78.4	73.1%
Catastrophes		-	0.0%		0.1	0.1%		0.1	0.1%
Total segment	$	76.0	70.8%	$	2.5	2.4%	$	78.5	73.2%
2013									
Attritional	$	80.5	73.7%	$	4.9	4.5%	$	85.4	78.2%
Catastrophes		-	0.0%		-	0.0%		-	0.0%
Total segment	$	80.5	73.7%	$	4.9	4.5%	$	85.4	78.2%
Variance 2014/2013									
Attritional	$	(4.5)	(2.9) pts	$	(2.5)	(2.2) pts	$	(7.0)	(5.1) pts
Catastrophes		-	- pts		0.1	0.1 pts		0.1	0.1 pts
Total segment	$	(4.5)	(2.9) pts	$	(2.4)	(2.1) pts	$	(6.9)	(5.0) pts

(Some amounts may not reconcile due to rounding.)

Incurred losses and LAE decreased by 8.1% to $78.5 million for the three months ended March 31, 2014 compared to $85.4 million for the three months ended March 31, 2013, mainly due to a decrease of $4.5 million in current year attritional losses due to the impact of lower premiums earned and changes in the mix of business. There were no current year catastrophe losses for the three months ended March 31, 2014 and 2013.

Segment Expenses Commission and brokerage increased to $6.8 million for the three months ended March 31, 2014 compared to $1.9 million for the three months ended March 31, 2013. The increase was primarily driven by the shift in the mix of premium this quarter away from crop business, which carries a lower commission rate than other insurance lines. Segment other underwriting expenses decreased to $21.9 million for the three months ended March 31, 2014 compared to $25.1 million for the three months ended March 31, 2013 primarily due to lower employee related costs.

Market Sensitive Instruments.

The SEC's Financial Reporting Release #48 requires registrants to clarify and expand upon the existing financial statement disclosure requirements for derivative financial instruments, derivative commodity instruments and other financial instruments (collectively, "market sensitive instruments"). We do not generally enter into market sensitive instruments for trading purposes.

Our current investment strategy seeks to maximize after-tax income through a high quality, diversified, taxable and tax-preferenced fixed maturity portfolio, while maintaining an adequate level of liquidity. Our mix of taxable and tax-preferenced investments is adjusted periodically, consistent with our current and projected operating results, market conditions and our tax position. The fixed maturity securities in the investment portfolio are comprised of non-trading available for sale securities. Additionally, we have invested in equity securities.

The overall investment strategy considers the scope of present and anticipated Company operations. In particular, estimates of the financial impact resulting from non-investment asset and liability transactions, together with our capital structure and other factors, are used to develop a net liability analysis. This analysis includes estimated payout characteristics for which our investments provide liquidity. This analysis is considered in the development of specific investment strategies for asset allocation, duration and credit quality. The change in overall market sensitive risk exposure principally reflects the asset changes that took place during the period.

Interest Rate Risk. Our $9.5 billion investment portfolio, at March 31, 2014, is principally comprised of fixed maturity securities, which are generally subject to interest rate risk and some foreign currency exchange rate risk, and some equity securities, which are subject to price fluctuations and some foreign exchange rate risk. The overall economic impact of the foreign exchange risks on the investment portfolio is partially mitigated by changes in the dollar value of foreign currency denominated liabilities and their associated income statement impact.

Interest rate risk is the potential change in value of the fixed maturity securities portfolio, including short-term investments, from a change in market interest rates. In a declining interest rate environment, it includes prepayment risk on the $722.8 million of mortgage-backed securities in the $5,537.8 million fixed maturity portfolio. Prepayment risk results from potential accelerated principal payments that shorten the average life and thus the expected yield of the security.

The table below display the potential impact of market value fluctuations and after-tax unrealized appreciation on our fixed maturity portfolio (including $642.7 million of short-term investments) for the periods indicated based on upward and downward parallel and immediate 100 and 200 basis point shifts in interest rates. For legal entities with a U.S. dollar functional currency, this modeling was performed on each security individually. To generate appropriate price estimates for mortgage-backed securities, changes in prepayment expectations under different interest rate environments were taken into account. For legal entities with non-U.S. dollar functional currency, the effective duration of the involved portfolio of securities was used as a proxy for the market value change under the various interest rate change scenarios.

	Impact of Interest Rate Shift in Basis Points At March 31, 2014				
(Dollars in millions)	-200	-100	0	100	200
Total Market/Fair Value	$ 6,487.0	$ 6,337.9	$ 6,180.5	$ 6,015.1	$ 5,845.7
Market/Fair Value Change from Base (%)	5.0%	2.5%	0.0%	-2.7%	-5.4%
Change in Unrealized Appreciation					
After-tax from Base ($)	$ 199.2	$ 102.3	$ -	$ (107.5)	$ (217.6)

We had $7,577.1 million and $7,653.2 million of gross reserves for losses and LAE as of March 31, 2014 and December 31, 2013, respectively. These amounts are recorded at their nominal value, as opposed to present value, which would reflect a discount adjustment to reflect the time value of money. Since losses are paid out over a period of time, the present value of the reserves is less than the nominal value. As interest rates rise, the present value of the reserves decreases and, conversely, as interest rates decline, the present value increases. These movements are the opposite of the interest rate impacts on the fair value of investments. While the difference between present value and nominal value is not reflected in our financial statements, our financial results will include investment income over time from the investment portfolio until the claims are paid. Our loss and loss reserve obligations have an expected duration that is reasonably consistent with our fixed income portfolio.

Equity Risk. Equity risk is the potential change in fair and/or market value of the common stock and preferred stock portfolios arising from changing prices. Our equity investments consist of a diversified portfolio of individual securities. The primary objective of the equity portfolio is to obtain greater total return relative to bonds over time through market appreciation and income.

The table below displays the impact on fair/market value and after-tax change in fair/market value of a 10% and 20% change in equity prices up and down for the periods indicated.

	Impact of Percentage Change in Equity Fair/Market Values At March 31, 2014				
(Dollars in millions)	-20%	-10%	0%	10%	20%
Fair/Market Value of the Equity Portfolio	$ 979.7	$ 1,102.2	$ 1,224.7	$ 1,347.2	$ 1,469.6
After-tax Change in Fair/Market Value	(159.2)	(79.6)	-	79.6	159.2

Foreign Exchange Risk. Foreign currency risk is the potential change in value, income and cash flow arising from adverse changes in foreign currency exchange rates. Each of our non-U.S. ("foreign") operations maintains capital in the currency of the country of its geographic location consistent with local regulatory guidelines. Each foreign operation may conduct business in its local currency, as well as the currency of other countries in which it operates. The primary foreign currency exposures for these foreign operations are the Singapore and Canadian Dollars. We mitigate foreign exchange exposure by generally matching the currency and duration of our assets to our corresponding operating liabilities. In accordance with FASB guidance, we translate the assets, liabilities and income of non-U.S. dollar functional currency legal entities to the U.S. dollar. This translation amount is reported as a component of other comprehensive income. As of March 31, 2014, there has been no material change in exposure to foreign exchange rates as compared to December 31, 2013.

SAFE HARBOR DISCLOSURE

This report contains forward-looking statements within the meaning of the U.S. federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the federal securities laws. In some cases, these statements can be identified by the use of forward-looking words such as "may", "will", "should", "could", "anticipate", "estimate", "expect", "plan", "believe", "predict", "potential" and "intend". Forward-looking statements contained in this report include information regarding our reserves for losses and LAE, the adequacy of our provision for uncollectible balances, estimates of our catastrophe exposure, the effects of catastrophic events on our financial statements and the ability of our subsidiaries to pay dividends. Forward-looking statements only reflect our expectations and are not guarantees of performance. These statements involve risks, uncertainties and assumptions. Actual events or results may differ materially from our expectations. Important factors that could cause our actual events or results to be materially different from our expectations include those discussed under the caption "Risk Factors" in our most recently filed Annual Report on Form 10-K, Part 1, Item 1A. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Instruments. See "Market Sensitive Instruments" in PART I – ITEM 2.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, our management carried out an evaluation, with the participation of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on their evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of our internal control over financial reporting to determine whether any changes occurred during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, there has been no such change during the quarter covered by this report.

PART II

ITEM 1. LEGAL PROCEEDINGS

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

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

ITEM 1A. RISK FACTORS

No material changes.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Index:

Exhibit No.	Description
31.1	Section 302 Certification of Dominic J. Addesso
31.2	Section 302 Certification of Craig Howie
32.1	Section 906 Certification of Dominic J. Addesso and Craig Howie
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Labels Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

Everest Reinsurance Holdings, Inc.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Everest Reinsurance Holdings, Inc.
(Registrant)

/S/ CRAIG HOWIE
Craig Howie
Executive Vice President and
Chief Financial Officer

(Duly Authorized Officer and Principal Financial Officer)

Dated: May 15, 2014