EVEREST RE GROUP LTD
Form DEF 14A
April 09, 2009

EVEREST RE GROUP, LTD.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 13, 2009

TO THE SHAREHOLDERS OF EVEREST RE GROUP, LTD.:

The Annual General Meeting of Shareholders of Everest Re Group, Ltd. (the "Company"), a Bermuda company, will be held at Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda on May 13, 2009 at 11:00 a.m., local time, for the following purposes:

1. To elect Martin Abrahams, John R. Dunne and John A. Weber as Class I directors of the Company, each to serve for a three-year period to expire at the 2012 Annual General Meeting of Shareholders or until such director's successor shall have been duly elected or appointed or until such director's office is otherwise vacated.

2. To appoint PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm to act as the Company's auditor for the year ending December 31, 2009 and authorize the Company's Board of Directors, acting through its Audit Committee, to set the fees for the independent registered public accounting firm acting as the Company's auditor.

3. To consider and approve the Everest Re Group, Ltd. 2009 Non-Employee Director Stock Option and Restricted Stock Plan, as described in the attached proxy statement.

4. To consider and act upon such other business, if any, as may properly come before the meeting and any and all adjournments thereof.

The Company's financial statements for the year ended December 31, 2008, together with the report of the Company's independent registered public accounting firm in respect of those financial statements, as approved by the Company's Board of Directors, will be presented at this Annual General Meeting.

Only shareholders of record identified in the Company's Register of Members at the close of business on March 20, 2009 are entitled to notice of, and vote at, the Annual General Meeting.

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

By Order of the Board of Directors

Sanjoy Mukherjee

Senior Vice President, General Counsel and Secretary

April 9, 2009

Hamilton, Bermuda

EVEREST RE GROUP, LTD.

PROXY STATEMENT

ANNUAL GENERAL MEETING OF SHAREHOLDERS

May 13, 2009

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on

May 13, 2009 at Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda at 11:00 a.m.

The proxy statement and annual report to shareholders are available at

http://www.everestre.com/re-group/proxy.shtml

EVEREST RE GROUP, LTD.

PROXY STATEMENT

ANNUAL GENERAL MEETING OF SHAREHOLDERS

May 13, 2009

GENERAL INFORMATION

The enclosed Proxy Card is being solicited on behalf of the Board of Directors (the “Board”) for use at the 2009 Annual General Meeting of Shareholders of Everest Re Group, Ltd., a Bermuda company (the “Company”), to be held on May 13, 2009, and at any adjournment thereof. It may be revoked at any time before it is exercised by giving a later-dated proxy, notifying the Secretary of the Company in writing at the Company’s registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, or by voting in person at the Annual General Meeting. All shares represented at the meeting by properly executed proxies will be voted as specified and, unless otherwise specified, will be voted: (1) for the election of Martin Abrahams, John R. Dunne and John A. Weber as Class I directors of the Company; (2) for the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm to act as the Company’s auditor for 2009 and for authorizing the Company’s Board of Directors acting through its Audit Committee to set the fees for the independent registered public accounting firm serving as the Company’s auditor; and (3) for the approval of the Everest Re Group, Ltd. 2009 Non-Employee Director Stock Option and Restricted Stock Plan.

Only shareholders of record at the close of business on March 20, 2009 will be entitled to vote at the meeting. On that date, 65,699,405 Common Shares, par value $.01 per share (“Common Shares”), were outstanding and entitled to vote. This includes 4,160,100 Common Shares held by Everest Reinsurance Holdings, Inc. (“Everest Holdings”), a subsidiary of the Company. Except as may be provided in the Company’s Bye-laws, each Common Share is entitled to one vote.

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

This Proxy Statement, the attached Notice of Annual General Meeting, the Annual Report of the Company for the year ended December 31, 2008 (including financial statements) and the enclosed Proxy Card are first being mailed to the Company’s shareholders on or about April 9, 2009.

On February 24, 2000, the Company became the holding company for Everest Holdings and its subsidiaries in connection with a restructuring. As a result, all references in this document to the Company prior to February 24, 2000 refer to Everest Holdings.

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

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

PROPOSAL NO. 1—ELECTION OF DIRECTORS

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

The Company’s Bye-laws provide for the division of the Board into three classes, with the directors in each class serving for a term of three years. At the 2009 Annual General Meeting, three nominees for Class I director positions are to be elected to serve until the 2012 Annual General Meeting of Shareholders or until their qualified successors are elected or until such director’s office is otherwise vacated. At its regularly scheduled meeting on February 18, 2009, the Nominating and Governance Committee recommended to the Board the nominations of Martin Abrahams, John R. Dunne and John A. Weber as Class I directors. Mr. Abrahams, Mr. Dunne and Mr. Weber are currently Class I directors of the Company. The Class II director positions will be subject to election at the 2010 Annual General Meeting and the Class III director positions will be subject to election at the 2011 Annual General Meeting.

On February 18, 2009, the Board accepted the Nominating and Governance Committee recommendations, and all nominees have accepted their nominations for the Class I director positions. It is not expected that any of the nominees will become unavailable for election as a director, but if any nominee should become unavailable prior to the meeting, proxies will be voted for such persons as the Board shall recommend, unless the Board reduces the number of directors accordingly. There are no arrangements or understandings between any director, or any nominee for election as a director, and any other person pursuant to which such person was selected as a director or nominee.

Information Concerning Nominees

The following information has been furnished by the respective nominees for election of Class I directors for terms expiring in 2012.

Martin Abrahams, 76, became a Class I director of the Company on March 12, 1996 and served as a director of Everest Reinsurance Company, ("Everest Re") from March 1996 to February 2000. Mr. Abrahams, currently retired, served with the accounting firm of Coopers & Lybrand L.L.P., a predecessor of PricewaterhouseCoopers LLP, from 1957 to 1995. He was a partner at that firm from 1969 to 1995.

John R. Dunne, 79, became a Class I director of the Company on June 10, 1996 and served as a director of Everest Re from June 1996 to February 2000. Mr. Dunne is an attorney and member of the bars of New York and the District of Columbia. Since 1994 he has been counsel to the law firm of Whiteman Osterman & Hanna LLP in Albany, New York. From 1995 to 2007, Mr. Dunne served as a director of Aviva Life Insurance Company of New York. Mr. Dunne was a director of CGU Corporation, an insurance holding company, from 1993 until 2001. Mr. Dunne was counsel to the Washington, D.C. law firm of Bayh, Connaughton & Malone from 1993 to 1994. From 1990 to 1993, he served as an Assistant Attorney General at the United States

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Department of Justice. From 1966 to 1989, Mr. Dunne served as a New York State Senator while concurrently practicing law as a partner in New York law firms.

John A. Weber, 64, became a Class I director on May 22, 2003. Since December 2002, he has been the Managing Partner of Copley Square Capital Management, LLC, a private partnership and Securities and Exchange Commission ("SEC") registered investment adviser, which provides investment management and strategic advisory services to institutions. From 1990 through 2002, Mr. Weber was affiliated with One Beacon Insurance Group LLC (formerly known as CGU Corporation) and its predecessor companies. During that affiliation, he became the Managing Director and Chief Investment Officer of One Beacon Insurance Companies and the President of One Beacon Asset Management, Inc. (formerly known as CGU Asset Management, Inc.). From 1988 through 1990, Mr. Weber was the Chief Investment Officer for Provident Life Accident Insurance Company and from 1972 through 1988 was associated with Connecticut Mutual Life Insurance Company ("Connecticut Mutual") and its affiliate, State House Capital Management Company ("State House"), eventually serving as Senior Vice President of Connecticut Mutual and President of State House.

Information Concerning Continuing Directors and Executive Officers

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

Kenneth J. Duffy, 79, became a Class II director of the Company on March 12, 1996 and served as a director of Everest Re from March 1996 to February 2000. Mr. Duffy is a retired insurance executive. He served with the insurance holding company, Commercial Union Corporation, and its parent company, CGU plc, from 1948 until his retirement in 1999. He was President and Chief Executive Officer of Commercial Union Corporation from January 1985 to January 1995, Chairman and Chief Executive Officer from January 1993 to January 1995, Chairman from January 1995 to October 1998 and Senior Advisor to CGU plc from October 1998 to December 1999. Until December 1999, he was also a director of Commercial Union Canada Holdings, Ltd. and the President and a director of Curepool (Bermuda) Ltd. He is also a vice president of the Insurance Institute of London and a fellow of the Institute of Risk Management.

Thomas J. Gallagher, 60, became a Class III director of the Company on March 13, 1996 and served as President and Chief Operating Officer of the Company until December 8, 2008 when he became Vice Chairman and Chief Underwriting Officer. Mr. Gallagher also serves as a director of Everest Re, having first been elected to that position in 1987. Elected President and Chief Operating Officer of both the Company and Everest Re on February 24, 1997, Mr. Gallagher had been Executive Vice President of both companies since December 1995. He was Senior Vice President of the Company from 1994 to 1995 and of Everest Re from 1989 to 1994. Since joining Everest Re in 1975, he has served as an underwriter in the facultative and treaty departments, as vice president in charge of the facultative department and as vice president in charge of the treaty casualty department. Mr. Gallagher also serves as a director and President of Everest Holdings, as a director of Everest Reinsurance (Bermuda), Ltd. (“Bermuda Re”), and as a director and Chairman of Everest Global Services, Inc. (“Everest Global”), Everest National Insurance Company (“Everest National”), Everest Insurance Company of Canada (“EVCAN”), and Mt. McKinley Insurance Company (“Mt. McKinley”). He also serves as a director and Chairman and Chief Executive Officer of Everest Indemnity Insurance Company (“Everest Indemnity”), and as a director of WorkCare Southeast, Inc. (“WorkCare Southeast”), WorkCare Southeast of Georgia, Inc. (“WorkCare Georgia”) and Everest Security Insurance Company (“Everest Security”) (f/k/a Southeastern Security Insurance Company), all of which are subsidiaries of the Company.

William F. Galtney, Jr., 56, became a Class III director of the Company on March 12, 1996 and served as a director of Everest Re from March 1996 to February 2000. Since February 1, 2006 he has been President of Galtney Enterprises, Inc. Since April 1, 2005, he has served as Chairman of Oxford Insurance Services Limited, a managing general and surplus lines agency. Prior thereto, he was President (from June 2001 until December 31, 2004) and Chairman (until March 31, 2005) of Gallagher Healthcare Insurance Services, Inc. (“GHIS”), a wholly-owned subsidiary of Arthur J. Gallagher & Co. (“Gallagher”). From 1983 until its acquisition

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by Gallagher in June 2001, Mr. Galtney was the Chairman and Chief Executive Officer of Healthcare Insurance Services, Inc. (predecessor to GHIS), a managing general and surplus lines agency previously indirectly owned by The Galtney Group, Inc. Mr. Galtney is also Managing Member, President and Director of Galtney Group, LLC and was a director of Mutual Risk Management Ltd. from 1988 to 2002. During 2007, Mr. Galtney assumed the directorship of Intercare Holdings, Inc. and Intercare Solutions Holdings, Inc.

Joseph V. Taranto, 60, a Class II director, became Chairman of the Board and Chief Executive Officer of the Company and Everest Re on October 17, 1994 and served as President of both companies from December 1994 until Mr. Gallagher’s election as President on February 24, 1997. Mr. Taranto also serves as Chairman and Chief Executive Officer of Everest Holdings and from March 14, 2000 until June of 2007, he served as Chairman of Bermuda Re. Between 1986 and 1994, Mr. Taranto was a director and President of Transatlantic Holdings, Inc. and a director and President of Transatlantic Reinsurance Company and Putnam Reinsurance Company (both subsidiaries of Transatlantic Holdings, Inc.).

Craig Eisenacher, 61, became Executive Vice President and Chief Financial Officer of the Company on December 18, 2006. On that day, he also became a director, Executive Vice President and Chief Financial Officer of Everest Re and Everest Holdings, and a director and the President of Everest Global. In 2006, he became a director and in 2007, Chairman of Bermuda Re and Everest Re Advisors, Ltd. (“Everest Re Advisors”), Bermuda subsidiaries of the Company. In 2008, he became a director of Everest Risk Holdings (Ireland), Limited (“Holdings Ireland”) and in 2009, a director of Everest Risk Services, Limited (“Everest Risk”), both Irish subsidiaries of the Company. He serves as a director of Everest Advisors (UK), Ltd. (“Advisors U.K.”) and Mt. McKinley as well as a director and Chairman of Everest International Reinsurance, Ltd. (“Everest International”) (f/k/a AFC Re Ltd.), and a director and Treasurer of EVCAN. On January 26, 2007, Mr. Eisenacher became a director of Everest National, Everest Indemnity and Everest Security. Mr. Eisenacher serves as director, Chairman and President of Mt. Whitney Securities, Inc., a subsidiary of Everest Re (“Mt. Whitney”). From 2003 until he joined the Company in December 2006, Mr. Eisenacher was Senior Vice President and Chief Financial Officer of Bristol West Holdings, Inc. a publicly traded provider of liability and property damage coverage for private passenger automobiles. From 1993 through 2003, he served as Managing Director of Century Capital Management Inc., an SEC registered investment adviser, in connection with investments in insurance, insurance related and technology companies from 1993 through 2003.

Mark S. de Saram, 53, became Executive Vice President of the Company on September 17, 2008, having served as Senior Vice President since October 13, 2004. He serves as Deputy Chairman, Managing Director and Chief Executive Officer of Bermuda Re and as a director and Deputy Chairman of Everest Re Advisors and Everest International. He serves as a director of Advisors U.K., Holdings Ireland and of Everest Risk. Mr. de Saram joined Everest Re in 1995 as Vice President responsible for United Kingdom and European Operations. Prior to his joining Everest Re, Mr. de Saram accumulated 21 years of reinsurance industry experience working in various underwriting capacities in the United Kingdom and Canada.

Keith T. Shoemaker, 53, became Comptroller of the Company on November 6, 2001 and became the Principal Accounting Officer on July 30, 2002. He also serves as Vice President and Comptroller of Everest Holdings, Everest Re, Everest Global, Mt. Whitney and Mt. McKinley as well as Assistant Comptroller of Everest National, Everest Indemnity, Everest Security, WorkCare Southeast, WorkCare Georgia and Mt. McKinley Managers, L.L.C. (“Mt. McKinley Managers”) and Assistant Controller of EVCAN. He also serves as a trustee of Everest Re Capital Trust II which is a Delaware statutory trust. Mr. Shoemaker was Vice President and Controller of Selective Insurance Company from 1999 to 2001 and served as Vice President of the National Council on Compensation Insurance from 1992 to 1999.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board conducts its business through its meetings and meetings of its committees. Four meetings of the Board were held in 2008. No director, either in person or through an alternate director appointment as permitted under Bermuda law, attended fewer than 75% of the total number of meetings of the Board and meetings of all committees of the Board on which the director served. All of the directors attended last year’s Annual General Meeting of Shareholders. The directors are expected to attend the Annual General Meeting pursuant to the Company’s Corporate Governance Guidelines.

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

Additionally, in accordance with the Corporate Governance Guidelines and the disclosure requirement set forth in Bye-law 21(b) of the Company's Bye-laws (which in turn requires compliance with the Bermuda Companies Act 1981), each director must disclose to the other directors any potential conflicts of interest he may have with respect to any matter under discussion. If a director is disqualified by the Chairman because of a conflict, he must refrain from voting on a matter in which he may have a material interest. Prior to each scheduled meeting of the Board of Directors, the directors who are not officers of the Company meet in executive session outside the presence of management. The executive sessions are chaired by alternating directors who rotate on an alphabetical basis. In addition, the independent directors meet in executive session outside the presence of management on a regular basis.

The Board currently maintains Audit, Nominating and Governance and Compensation Committees, all of whose members are independent directors. The Charters for each of these committees, the Corporate Governance Guidelines and the Company's Ethics Guidelines and Index to Compliance Policies are posted on the Company's website athttp://www.everestre.com. These documents are also available in print to any shareholder who requests a copy from the Corporate Secretary at the address below. The Board also maintains an Executive Committee, the purpose of which is to take any emergent actions until the Board can meet. The members of the Executive Committee are Mr. Taranto, Mr. Gallagher and Mr. Galtney. The Executive Committee met once in 2008.

Audit Committee

The principal purposes of the Company's Audit Committee are to oversee the integrity of the Company's financial statements and the Company's compliance with legal and regulatory requirements, to oversee the independent registered public accounting firm, to evaluate the independent registered public accounting firm's qualifications and independence and to oversee the performance of the Company's internal audit function. The Audit Committee meets with the Company's management, Chief Internal Audit Officer and the independent registered public accounting firm, both separately and together, to review the Company's internal controls and financial statements, audit findings and significant accounting and reporting issues. The Board has adopted a Charter for the Audit Committee which is revised as necessary to comply with all applicable laws, rules and regulations. The Charter is available on the Company's website athttp://www.everestre.com.

The members of the Audit Committee are Mr. Abrahams, Mr. Duffy, Mr. Dunne, and Mr. Weber. The Board has determined that all members of the Committee are financially literate and that all are independent under the NYSE listing standards and the rules of the SEC governing the qualifications of audit committee members. The Board has also determined that Mr. Abrahams qualifies as an "audit committee financial

expert" as defined by SEC rules and has accounting or related financial management expertise as required by NYSE listing standards. No member of the Audit Committee may serve on the Audit Committee of more than two other public companies unless the Board has determined that such service will not affect the ability of the Committee member to serve on the Company's Audit Committee. Mr. Dunne serves as Chairman of the Audit Committee. The Audit Committee held four meetings in 2008.

Compensation Committee

The Compensation Committee exercises authority with respect to all compensation and benefits afforded all officers at the Senior Vice President level and above, the Named Executive Officers (as defined herein) and the Company's Chief Financial Officer, Comptroller, Treasurer, Chief Internal Audit Officer and Secretary. The Compensation Committee also has oversight responsibilities for all of the Company's broad-based compensation and benefit programs, including administration of the Company's Annual Incentive Plan, the 1995 Stock Incentive Plan, the 2002 Stock Incentive Plan and the Executive Performance Annual Incentive Plan. The Compensation Committee did not employ a consultant during 2008. The Compensation Committee adopted a Charter on November 21, 2002, which is available on the Company's website at http://www.everestre.com. The Charter provides that the Compensation Committee may form and delegate authority to subcommittees or to committees of the Company's subsidiaries when appropriate. This delegation authority was not exercised by the Compensation Committee during 2008. Additional information on the Compensation Committee's processes and procedures for consideration of executive compensation are addressed in this Proxy Statement under the heading "Compensation Discussion and Analysis".

The Compensation Committee is comprised of Mr. Abrahams, Mr. Duffy, Mr. Dunne and Mr. Weber, none of whom is a current or former employee or officer of the Company and all of whom meet the independence standards of the NYSE. Mr. Duffy serves as Chairman of the Compensation Committee. The Compensation Committee held four meetings in 2008.

Nominating and Governance Committee

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

The Nominating and Governance Committee will consider a shareholder's nominee for director who is proposed in accordance with the procedures set forth in Bye-law 12 of the Company's Bye-laws, which is available on the Company's website or by mail from the Corporate Secretary's office. This Bye-law requires written notice of a shareholder's intent to make such a nomination at the 2010 Annual General Meeting of Shareholders to be received by the Secretary of the Company at the address listed below under Shareholder and Interested Party Communications with Directors, between November 9, 2009 and December 10, 2009. Such notice shall set forth the name and address, as it appears on the Register of Members, of the shareholder who intends to make the nomination; a representation that the shareholder is a holder of record of shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make such nomination; the class and number of shares of the Company which are held by the shareholder; the name and address of each individual to be nominated; a description of all arrangements or understandings between the shareholder and any such nominee and any other person or persons (naming such person or persons) pursuant to which such nomination is to be made by the shareholder; such other information regarding any such nominee required to be included in a proxy statement filed pursuant to Regulation 14A under the Securities Exchange Act of 1934; and the consent of any such nominee to serve as a director, if so elected.

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

The Nominating and Governance Committee held two meetings in 2008. The Committee's Charter, which was adopted by the Board on February 25, 2004, and the Corporate Governance Guidelines, which contain the director qualifications, are available on the Company's website at http://www.everestre.com.

Audit Committee Report

The Audit Committee has reviewed and discussed with management, which has primary responsibility for the financial statements, and with PricewaterhouseCoopers LLP, the Company's independent auditors, the audited financial statements for the year ended December 31, 2008 (the "Audited Financial Statements"). In addition, the Audit Committee has discussed with PricewaterhouseCoopers LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended. The Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Accounting Oversight Board regarding PricewaterhouseCoopers LLP's communications with the Audit Committee concerning independence, and has discussed with that firm its independence. The Audit Committee also has discussed with management of the Company and with PricewaterhouseCoopers LLP such other matters and received such assurances from them as the Committee deemed appropriate. Based on the foregoing review and discussions and relying thereon, the Audit Committee recommended to the Company's Board of Directors the inclusion of the Audited Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

The Audit Committee devoted substantial time in 2008 to discussing with the Company's independent auditors and internal auditors the status and operating effectiveness of the Company's internal controls over financial reporting. The Audit Committee's oversight involved several meetings, both with management and with the auditors outside the presence of management, to monitor the preparation of management's report on the effectiveness of the Company's internal controls. The meetings reviewed in detail the standards that were established, the content of management's assessment, and the auditors' testing and evaluation of the design and operating effectiveness of the internal controls. As reported in the Company's Annual Report on Form 10-K filed March 2, 2009, the independent auditors concluded that, as of December 31, 2008, the Company maintained, in all material respects, effective internal controls over financial reporting based upon the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Under its Charter and the "Audit and Non-Audit Services Pre-Approval Policy" (the "Policy"), the Audit Committee is required to pre-approve the audit and non-audit services to be performed by the independent auditors. The Policy requires that any service that has not received a general pre-approval or that exceeds pre-approved cost levels or budgeted amounts requires specific approval by the Audit Committee. For both specific and general pre-approval, the Audit Committee considers whether such services are consistent with the SEC's rules on auditor independence. The Audit Committee also considers whether the independent auditors are best positioned to provide the most effective and efficient service and whether the service might enhance the Company's ability to manage or control risk or improve audit quality. The Audit Committee is also mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services and may determine, for each fiscal year, the appropriate ratio between the total amount of fees for audit, audit-related and tax fees and a total amount of fees for certain permissible non-

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audit services classified as “All Other Fees” below. All such factors are considered as a whole, and no one factor is determinative. The Audit Committee has considered whether the performance by PricewaterhouseCoopers LLP of the services disclosed below is compatible with maintaining their independence. The Audit Committee approved all of the audit-related fees, tax fees and all other fees for 2008 and 2007.

The fees billed to the Company by PricewaterhouseCoopers LLP and its worldwide affiliates in 2008 and 2007 are as follows:

	2008	2007
Audit Fees (1)	$ 3,491,948	$ 3,484,258
Audit-Related Fees (2)	75,100	102,500
Tax Fees (3)	97,270	168,519
All Other Fees (4)	5,029	4,984

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

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

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

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

John R. Dunne, Chairman

Martin Abrahams

Kenneth J. Duffy

John A. Weber

Compensation Committee Report

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

Kenneth J. Duffy, Chairman

Martin Abrahams

John R. Dunne

John A. Weber

Code of Ethics for CEO and Senior Financial Officers

The Company has adopted a code of ethics that applies to the Chief Executive Officer, Chief Financial Officer and senior financial officers. The text of the Code of Ethics for the Chief Executive Officer and Senior Financial Officers is posted on the Corporate Governance page on the Company's website athttp://www.everestre.com. This document is also available in print to any shareholder who requests a copy from the Corporate Secretary at the address below. In the event the Company makes any amendment to or grants any waiver from the provisions of its Code of Ethics, the Company intends to disclose such amendment or waiver on its website within five business days.

Shareholder and Interested Party Communications with Directors

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

Everest Re Group, Ltd. Corporate Secretary

c/o Everest Global Services, Inc.

Westgate Corporate Center

477 Martinsville Road

P.O. Box 830

Liberty Corner, New Jersey 07938-0830

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

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COMMON SHARE OWNERSHIP BY DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the beneficial ownership of Common Shares as of March 20, 2009 by the directors of the Company, by the Named Executive Officers listed in the Summary Compensation Table and by all directors and Named Executive Officers of the Company as a group. Information in this table was furnished to the Company by the respective directors and Named Executive Officers. Unless otherwise indicated in a footnote, each person listed in the table possesses sole voting power and sole dispositive power with respect to the shares shown in the table as owned by that person.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Percent of Class (12)
Martin Abrahams	35,541	(1)	*
Kenneth J. Duffy	40,505	(2)	*
John R. Dunne	19,379	(3)	*
Thomas J. Gallagher	129,015	(4)	*
William F. Galtney, Jr.	82,366	(5)	*
Joseph V. Taranto	479,688	(6)	*
John A. Weber	12,480	(7)	*
Craig Eisenacher	23,380	(8)	*
Keith T. Shoemaker	12,400	(9)	*
Mark S. de Saram	60,658	(10)	*
All directors and executive officers as a group (10 persons)	895,412	(11)	1.4

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* Less than 1%

(1) Includes 20,000 shares issuable upon the exercise of share options exercisable within 60 days of March 20, 2009 and 15,541 shares held in the Martin Abrahams Revocable Trust. Also includes 1,500 restricted shares issued to Mr. Abrahams under the Company's 2003 Non-Employee Director Equity Compensation Plan ("2003 Director Plan") which may not be sold or transferred until the vesting requirements are satisfied.

(2) Includes 20,000 shares issuable upon the exercise of share options exercisable within 60 days of March 20, 2009. Also includes 1,500 restricted shares issued to Mr. Duffy under the 2003 Director Plan which may not be sold or transferred until the vesting requirements are satisfied.

(3) Includes 12,500 shares issuable upon the exercise of share options exercisable within 60 days of March 20, 2009. Also includes 1,500 restricted shares issued to Mr. Dunne under the 2003 Director Plan which may not be sold or transferred until the vesting requirements are satisfied.

(4) Includes 82,500 shares issuable upon the exercise of share options exercisable within 60 days of March 20, 2009. Also includes 23,980 restricted shares issued to Mr. Gallagher under the Company's 2002 Stock Incentive Plan which may not be sold or transferred until the vesting requirements are satisfied.

(5) Includes 54,000 shares owned by Galtney Family Investors, Ltd., a limited partnership in which Mr. Galtney maintains a beneficial ownership and for which he serves as the General Partner. Also includes 20,000 shares issuable upon the exercise of share options exercisable within 60 days of March 20, 2009 and 1,500 restricted shares issued to Mr. Galtney under the 2003 Director Plan which may not be sold or transferred until the vesting requirements are satisfied.

(6) Includes 240,000 shares issuable upon the exercise of share options exercisable within 60 days of March 20, 2009. Excludes 4,160,100 Common Shares held by Everest Holdings over which Mr. Taranto has voting and dispositive power. Mr. Taranto disclaims beneficial ownership of the Common Shares held by Everest Holdings.

(7) Includes 3,206 shares issuable upon the exercise of stock options exercisable within 60 days of March 20, 2009. Also includes 1,500 restricted shares issued to Mr. Weber under the 2003 Director Plan which may not be sold or transferred until the vesting requirements are satisfied.

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(8) Includes 4,000 shares issuable upon the exercise of stock options exercisable within 60 days of March 20, 2009. Also includes 15,950 restricted shares issued to Mr. Eisenacher under the Company's 2002 Stock Incentive Plan which may not be sold or transferred until the vesting requirements have been satisfied.

(9) Includes 12,400 shares issuable upon the exercise of share options exercisable within 60 days of March 20, 2009.

(10) Includes 32,100 shares issuable upon the exercise of share options exercisable within 60 days of March 20, 2009. Also includes 14,450 restricted shares issued to Mr. de Saram under the Company's 2002 Stock Incentive Plan which may not be sold or transferred

until the vesting requirements have been satisfied.

(11) Includes 446,706 shares issuable upon the exercise of share options exercisable within 60 days of March 20, 2009.

(12) Based on 65,699,405 total Common Shares outstanding and entitled to vote as of March 20, 2009.

PRINCIPAL HOLDERS OF BENEFICIAL SHARES

To the best of the Company's knowledge, the only beneficial owners of more than 5% of the outstanding Common Shares as of December 31, 2008 are set forth below. This table is based on information provided in Schedule 13G Information Statements filed with the SEC by the parties listed in the table.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
FMR Corp. 82 Devonshire Street Boston, Massachusetts 02109	6,129,425 (1)	9.98
Southeastern Asset Management, Inc. 6410 Poplar Avenue, Suite 900 Memphis, Tennessee 38119	4,947,413 (2)	8.10
Oppenheimer Funds, Inc. Two World Financial Center 225 Liberty Street New York, New York 10281	4,715,121 (3)	7.68
Wellington Management Company, LLP 75 State Street Boston, Massachusetts 02109	3,955,484 (4)	6.44
Goldman Sachs Asset Management, LP 75 State Street Boston, Massachusetts 02109	3,442,791 (5)	5.60

(1) FMR Corp. reports in its Schedule 13G that it has sole power to vote or direct the vote of 193,469 Common Shares and sole dispositive power with respect to 6,129,425 Common Shares.

(2) Southeastern Asset Management, Inc. reports in its Schedule 13G that it has sole power to vote or direct the vote of 2,830,000 Common Shares, shared power to vote 1,541,100 Common Shares, no power to vote 576,313 Common Shares, sole dispositive power with respect to 3,406,313 Common Shares and shared or no dispositive power with respect to 1,541,100 Common Shares.

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(3) Oppenheimer Funds, Inc. reports in its Schedule 13G that it has shared power to vote or direct the vote of 4,715,121 Common Shares and shared dispositive power with respect to 4,715,121 Common Shares.

(4) Wellington Management Company, LLP reports in its Schedule 13G that it has shared power to vote or direct the vote of 3,237,000 Common Shares and shared dispositive power with respect to 3,940,084 Common Shares.

(5) Goldman Sachs Asset Management reports in its Schedule 13G that it has shared power to vote or direct the vote of 3,442,791 Common Shares and shared dispositive power with respect to 3,442,791 Common Shares.

DIRECTORS' COMPENSATION

Each member of the Board who is not otherwise affiliated with the Company as an employee and/or officer ("Non-Employee Director" or "Non-Management Director") was compensated in 2008 for services as a director and was also reimbursed for out-of-pocket expenses associated with each meeting attended. The annual compensation for 2008 of each Non-Employee Director consisted of shares and/or cash having an aggregate value of $75,000. The compensation was paid in four installments of cash or, at the director's election, by issuances of Common Shares under the 2003 Directors Plan which was approved by shareholders on May 22, 2003, and amended with the approval of shareholders on May 25, 2005.

Giving Non-Employee Directors an opportunity to receive their compensation in the form of Common Shares is intended to align their interests with those of the Company's shareholders. The value of Common Shares issued is calculated based on the average of the highest and lowest sale prices of the Common Shares on each installment date or, if no sale is reported for that day, the preceding day for which there is a reported sale. During 2008, Mr. Galtney and Mr. Weber, who elected to receive share-based retainer fees, each received 853 Common Shares.

On May 23, 1996, the shareholders approved the Company's adoption of the 1995 Stock Option Plan for Non-Employee Directors (the "1995 Directors' Plan"), which was designed to maintain the Company's ability to attract and retain the services of experienced and highly qualified Non-Employee Directors and to create in those directors a proprietary interest in the Company's continued success. At the time of their appointment to the Board, each Non-Employee Director is awarded an option to purchase an amount of Common Shares equal to $50,000 divided by the average of the NYSE high and low price of one share on that day with an exercise price equal to that average. As defined in the 1995 Directors' Plan, the fair market value is determined by averaging the highest and lowest trading prices of the Common Shares on the date of the option award. The 1995 Directors' Plan has expired and, therefore, the shareholders are being asked to consider and approve a replacement plan. (See Proposal Number 3 below, "Approval of Everest Re Group, Ltd. 2009 Non-Employee Director Stock Option and Restricted Stock Plan.")

On May 25, 2005, each of the Non-Employee Directors was granted 2,000 restricted shares under the 2003 Directors Plan which vest over a three year term. On February 21, 2007 and on February 20, 2008, each of the Non-Employee Directors was granted 1,500 restricted shares under the 2003 Directors Plan which vest respectively over a three year term.

The table below summarizes the compensation paid by the Company to Non-Employee Directors for the fiscal year ended December 31, 2008.

2008 DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash (1)	Share Awards (2)	Option Awards (3)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (4)	Total
Martin Abrahams	$ 75,000	$ 116,195	$ -	$ -	$ -	$ 5,439	$ 196,634
Kenneth J. Duffy	75,000	116,195	-	-	-	5,439	196,634
John R. Dunne	75,000	116,195	-	-	-	5,439	196,634
William F. Galtney, Jr.	75,000	116,195	-	-	-	5,439	196,634
Ralph E. Jones, III (5)	18,750	-	-	-	-	-	18,750
John A. Weber	75,000	116,195	-	-	-	5,439	196,634

(1) During 2008, Messrs. Galtney and Weber, who elected to receive share-based retainer fees, each received 853 Common Shares. Mr. Duffy, who elected to receive his 2007 compensation in shares, received his last payment of 187 shares in the first quarter of 2008 in respect of his service during the last quarter of 2007.

(2) Each of the Non-Employee Directors was awarded 1,500 restricted shares on February 21, 2007, of which 500 remain restricted, and on February 20, 2008, 1,500 restricted shares, of which 1,000 shares remain restricted. Each of the Non-Employee Directors was also awarded 2,000 restricted shares on May 25, 2005, of which the final tranche became unrestricted during 2008. The amount shown is the dollar amount recognized for financial statement reporting purposes during 2008 in accordance with Financial Accounting Standards Board Statement 123(R) ("SFAS 123(R)").

(3) No share options were awarded to the Non-Employee Directors in 2008. As of December 31, 2008, each director has exercisable outstanding options to purchase the following number of shares: Mr. Abrahams, 26,500; Mr. Duffy, 20,000; Mr. Dunne, 20,000; Mr. Galtney, 26,500 and Mr. Weber, 3,206.

(4) Dividends paid on each director's restricted shares.

(5) Ralph E. Jones, III was elected as an independent director of the Company on August 17, 2008 as permitted by the Bermuda Companies Act of 1981. He became the President and Chief Operating Officer of the Company on December 8, 2008 and resigned his directorship in order to preserve the majority independence of the Board.

COMPENSATION DISCUSSION AND ANALYSIS

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

The Company's executive compensation program is designed to attract, retain and motivate highly talented individuals whose abilities are critical to the success of the Company. To achieve these ends, the executive compensation program utilizes a two-prong approach. First, a short-term component consisting of a base salary and merit-based discretionary bonus is designed to attract, reward and retain executives for achieving optimal performance in the current year. Second, a long-term component consisting of discretionary equity awards in the form of share options and/or restricted shares is designed to align key executive's interests

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with those of the Company's shareholders and incentivize the executive to work towards achieving the Company's long-term goals of profitability and strong shareholder returns. Thus, the executive compensation program is designed to reward those employees who are integral to the Company's success this year as well as into the future.

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

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

- Compensation of executive officers is based on the level of job responsibility, their individual performance and their contribution to the performance of the Company.
- Compensation awards and levels are generally intended to be reasonably competitive with compensation paid by organizations of similar stature so as to minimize the potential for disruptive turnover amongst important contributors.
- Compensation is intended to align the interests of the executive officers with those of the Company's shareholders by basing a significant part of total compensation on the long-term performance of the Common Shares.

Components of the Company's Compensation Program.

In 2008, annual compensation for the Company's executive officers consisted principally of a base salary, a cash bonus, and equity based awards. Apart from the salary, bonus and equity award components, all employees including executive officers received other forms of compensation from the Company. That compensation included a Company funded pension plan, Company paid term life insurance, partially subsidized medical and dental plan, Company paid disability insurance, and participation in a Company sponsored 401(k) employee savings plan. Executives may also participate in a supplemental savings plan and supplemental retirement plan, both of which are non-qualified with respect to current tax deductibility in the U.S. The purpose of these supplemental plans is principally to restore benefits which would otherwise have been limited by U.S. benefit plan rules.

Base Salary and Bonus Determinations.

The base salaries for all executive officers are determined by the Compensation Committee. With the exception of Messrs. Taranto, Eisenacher and de Saram who have or had employment agreements, base salaries are established upon hire or assignment date and reconsidered annually or as responsibilities change. Adjustments are based on each executive officer's performance and the Company's performance and may also take into account competitive conditions in the industry.

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

The Company awards annual cash bonuses to executive officers under the Annual Incentive Plan and the Executive Performance Annual Incentive Plan. The Annual Incentive Plan is applicable to all executive officers and management employees, except for Mr. Taranto who is subject to the Executive Performance Annual Incentive Plan. Under the Annual Incentive Plan, the Company may make cash payments each year to employees who hold positions of significant responsibility and/or whose performance or potential contribution, in the judgment of the Compensation Committee, will contribute materially to the success of the

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Company and its subsidiaries. The Annual Incentive Plan is designed to reward past accomplishments, to motivate future accomplishments, and to aid in attracting and retaining employees of the caliber necessary for the continued success of the Company. The actual cash bonus amounts recommended for individual plan participants are subjectively and judgmentally determined by executive management based on a variety of factors including individual responsibilities, experience, contributions and performance, as well as position relative to internal peers. Consideration of these factors encourages executives to strive to improve their performance. The Compensation Committee reviews management's recommendation, and has the discretion to reject or modify the recommended individual awards. The Company generally limits the aggregate amount available for such bonus payments to 3% of the Company's net operating income. For purposes of determining 2008 awards, the total amount available for bonuses under the Annual Incentive Plan was $19.3 million.

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

In the case of Mr. Taranto, the Executive Incentive Plan involves a personal performance grid that relates various levels of the Company's net operating income, return on average equity and earnings per share, to a maximum cash incentive award for a given level of performance. For 2008, Mr. Taranto's maximum potential award was $2.5 million. Although this amount was the maximum cash bonus award that could be awarded to Mr. Taranto, the Compensation Committee may, in its discretion, choose to reduce the actual amount of the award. For 2008, Mr. Taranto's cash bonus was $1.4 million.

Long-Term Compensation Determinations.

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

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

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

In the case of equity awards, the CEO makes recommendations to the Compensation Committee for each executive officer, and the awards are discussed by the Compensation Committee and recommended for action by the Board. Awards are granted subjectively at the discretion of the Compensation Committee based on a variety of factors. Examples of factors include the recipient's demonstrated past and expected future performance, the recipient's level of responsibility within the Company, their ability to affect shareholder value, and past awards of share options, share appreciation rights, restricted shares, or share awards. Restricted share awards and share options encourage employee retention because all awards vest over a five year period at the rate of 20% per year and are generally forfeited if the recipient leaves the Company before vesting. Generally, upon termination of employment, the recipient loses unvested options and restricted shares and has 90 days to exercise vested options. In addition, the expiration of share options ten years after they are granted is designed to encourage recipients to work on the Company's growth over the long-term and not simply cater to short-term profits.

As with his short-term compensation components, the determination, award and vesting of awards for Mr. Taranto are handled separately. The Compensation Committee discusses the CEO's self-assessment and recommendation with the CEO, and meets outside of the presence of the CEO in making its award determination. Like other executive officers, the CEO's award is granted subjectively at the discretion of the Compensation Committee based upon factors similar to those considered for other executive officers as described above. In accordance with the terms of the 2005 amendment to his employment agreement, in consideration for extending his employment with the Company, all restricted shares and outstanding options awarded to Mr. Taranto under the 2002 Stock Incentive Plan vested on March 31, 2008.

Other Forms of Compensation.

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

Perquisites and Other Benefits.

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

The only perquisites approved by the Compensation Committee for 2008 were: (1) Mr. de Saram's housing, family travel and golf membership fees for Tuckers Point Country Club in Bermuda, and (2) Mr. Eisenacher's travel reimbursement, each under the terms of their respective employment agreements. The amounts reported for Mr. de Saram and Mr. Eisenacher are included in the Summary Compensation Table.

Tax and Accounting Implications.

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

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

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

Compensation of Executive Officers.

The following table sets forth compensation paid or accrued for the last fiscal year with respect to the Company's Chief Executive Officer, Principal Financial Officer and the three other most highly compensated executive officers as of December 31, 2008 (collectively, the "Named Executive Officers"), for services rendered by them to the Company and to its subsidiaries.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Share Awards (1)	Option Awards (2)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings (3)	All Other Compensation (4)	Total
Joseph V. Taranto **Chairman of the Board and Chief Executive Officer**									
	2008	$ 1,000,000	$ -	$ 4,888,723	$ -	$ 1,400,000	$ 1,358,865	$ 86,215	$ 8,924,243
	2007	1,000,000	-	5,415,554	583,359	2,250,000	749,212	223,825	10,221,950
	2006	1,000,000	-	3,973,021	852,206	2,500,000	396,321	95,838	8,817,386
Craig Eisenacher, **Executive Vice President and Chief Financial Officer**									

	2008	$ 408,769	$ 200,000	$ 366,631	$ 58,362	$ -	$ 139,872	$ 56,292	$ 1,229,926
	2007	400,000	300,000	255,261	50,037	-	110,451	150,733	1,266,482
	2006	7,692	275,000	-	-	-	-	-	282,692
Thomas J. Gallagher, Vice Chairman & Chief Underwriting Officer (5)									
	2008	$ 586,538	$ 560,000	$ 639,149	$ -	$ -	$ 1,305,787	$ 60,448	$ 3,151,922
	2007	536,539	700,000	522,811	96,250	-	811,004	57,395	2,723,999
	2006	500,000	650,000	403,696	187,459	-	327,540	26,959	2,095,654
Mark S. de Saram, Senior Vice President of Group and Managing Director and Chief Executive Officer of Bermuda Re									
	2008	$ 457,487 (6)	$ 400,000	$ 283,211	$ 61,246	$ -	N/A	$ 276,655	$ 1,478,599
	2007	437,547	500,000	197,960	135,925	-	N/A	273,618	1,545,050
	2006	382,334	325,000	129,936	132,933	-	N/A	243,775	1,213,978
Keith T. Shoemaker, Comptroller and Principal Accounting Officer									
	2008	$ 225,908	$ 60,000	$ -	$ 148,165	$ -	$ 40,298	$ 7,716	$ 482,087
	2007	212,027	100,000	-	176,285	-	13,616	7,241	509,169
	2006	201,861	85,000	-	132,797	-	18,637	6,894	445,189

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(1) The amounts reflect the dollar amount recognized for financial statement reporting purposes for fiscal year 2008 in accordance with SFAS 123(R) for restricted share awards for each Named Executive Officer.

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Restricted shares vest at the earliest of 20% per year over five years. Assumptions used in determining valuation are contained in the Company’s Annual Report Item 8, Note 18 of the footnotes.

In accordance with the terms of the 2005 amendment to his employment agreement in consideration for extending his employment with the Company, all of Mr. Taranto’s outstanding share awards vested on March 31, 2008.

(2) The amounts reflect the dollar amount recognized for financial statement reporting purposes for fiscal year 2008 in accordance with SFAS 123(R) for awards of share options for each Named Executive Officer. Options vest at the earliest of 20% per year over five years or upon the date specified in an applicable employment agreement.

(3) Represents the aggregate change in the present value of the Named Executive Officers' accumulated benefit under the qualified and supplemental pension plans from December 31, 2007 to December 31, 2008. Earnings on the Supplemental Savings Plan are not included as they are invested in the same investment offerings as the qualified savings plan and are not preferential.

(4) The amounts reported for 2008 for Mr. de Saram include $150,000 as housing allowance and $31,605 in payment of payroll tax each under the terms of his employment agreement. The amounts for 2008 also include $14,208 in family travel and $7,515 in golf membership fees. The Company owns a car which is provided for Mr. de Saram's use at a cost of $2,355. Mr. de Saram also received a contribution of $46,840 to, or in lieu of, a pension plan.

The amount reported for 2008 for Mr. Eisenacher includes $12,405 in travel expenses.

For the other Named Executive Officers, the amount includes:

	Taranto	Gallagher	Eisenacher	de Saram	Shoemaker
Life insurance premiums	$ 1,038	$ 1,038	$ 1,038	$ 2,772	$ 939
Employer Matching Contributions (Qualified and Non-qualified)	29,977	17,285	12,129	-	6,777
Dividends on Restricted Shares	55,200	42,125	30,720	21,360	-

(5) Mr. Gallagher was the President and Chief Operating Officer until December 8, 2008. The amounts reported include amounts earned in that role as well as in his current position.

(6) Pursuant to the terms of his employment agreement, Mr. de Saram's 2008 salary was paid in part in U.S. dollars and in part in Great Britain pounds sterling: $366,573 paid in U.S. dollars and £45,845 paid in Great Britain pounds sterling. The portion of his salary that was paid in pounds sterling was converted at the exchange rate in effect at the end of the week when he is paid.

Grants of Plan-Based Awards.

The following table sets forth certain information concerning equity and cash awards granted under the Company's 2002 Stock Incentive Plan and the Executive Performance Annual Incentive Plan during 2008 to the Named Executive Officers.

2008 GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Potential Payouts Under Non-Equity Incentive Plan Awards(1) Threshold	Target	Maximum	All Other Stock Awards Number of Shares (2)	All Other Option Awards Number of Securities Underlying Options (3)	Exercise or Base Price of Option Awards (4)	NYSE Closing Price on Grant Date	Grant Date Fair Value of Share Awards (5)
Joseph V. Taranto	2/20/2008	$ 0	$ -	$ 2,500,000	35,000		$ -	$ -	$ 3,489,500
Craig Eisenacher	2/20/2008	-	-	-	4,000	-	-	-	398,800
Thomas J. Gallagher	2/20/2008	-	-	-	7,000	-	-	-	697,900
Mark S. de Saram	2/20/2008	-	-	-	5,000	-	-	-	498,500
Keith T. Shoemaker	2/20/2008	-	-	-	-	6,500	99.70	100.33	165,266

(1) Potential award made pursuant to the Executive Annual Incentive Plan. The actual award is shown in the "Non-Equity Incentive Compensation Plan" column of the Summary Compensation Plan table.

(2) This column shows the number of restricted shares granted in 2008 to the Named Executive Officers pursuant to the 2002 Stock Incentive Plan. Restricted shares vest at the earlier of 20% per year over five years or upon the date specified in an applicable employment agreement. During the restricted period, quarterly dividends are paid to the Named Executive.

(3) This column shows the number of stock options granted in 2008 to the Named Executive Officers pursuant to the 2002 Stock Incentive Plan. These options vest and become exercisable in five equal annual installments, beginning on February 18, 2009, one year after the grant date.

(4) This column shows the exercise price for the stock options granted which is calculated by averaging the highest and lowest sale prices of the Common Shares on the New York Stock Exchange on the date granted in accordance with the terms of the 2002 Stock Incentive Plan as approved by the shareholders. The NYSE closing price was $100.33.

(5) The grant date fair value of each equity award calculated in accordance with SFAS 123(R).

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2008

Option Awards

Share Awards

Number of Market Value

	Number of				Restricted	of Restricted
	Securities Underlying		Option	Option	Shares that	Shares that
	Unexercised Options		Exercise	Expiration	Have Not	Have Not
Name	Vested	Unvested (1)	Price	Date	Vested (2)	Vested (3)
Joseph V. Taranto	200,000	-	$ 66.2300	4/20/2011		
	40,000	-	55.5950	9/26/2012		
					-	$ -
Craig Eisenacher	2,000	8,000	99.0150	2/21/2017		
					16,000	1,218,240
Thomas J. Gallagher	33,000	-	25.3438	2/23/2010		
	33,000	-	48.0100	9/21/2011		
	16,500	-	55.5950	9/26/2012		