UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

PLAINTIFF, Individually and on behalf of all others similarly situated, Plaintiffs, v. EVEREST GROUP, LTD., JAMES WILLIAMSON, JUAN ANDRADE, MARK KOCIANCIC, and MICHAEL KARMILOWICZ, Defendants.	Civil Action No. DEMAND FOR JURY TRIAL CLASS ACTION

CLASS ACTION COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES LAWS

Plaintiffs, individually and on behalf of all other persons similarly situated, by Plaintiffs' undersigned attorneys, allege the following based upon personal knowledge as to Plaintiffs and Plaintiffs' own acts, and upon information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiffs' attorneys, which included a review of the Defendants' (as defined herein) public filings, conference calls, press releases, and announcements, as well as wire and press releases published by and regarding Everest Group, Ltd. ("Everest" or the "Company"), and information readily obtainable on the Internet. Plaintiffs believe that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

I. NATURE OF THE ACTION AND OVERVIEW

1. This is a class action brought on behalf of a "Class" of all persons or entities that purchased or otherwise acquired Everest common stock between February 8, 2024 and October 27, 2025, inclusive (the "Class Period"). Plaintiffs seek to recover compensable damages caused by Defendants' violations of the federal securities laws under the Securities Exchange Act of 1934 (the "Exchange Act").

2. This securities fraud action arises from Everest's aggressive expansion of its U.S. casualty insurance business and Defendants' false assurances that the Company had adequately managed the resulting risks. Defendants told investors that Everest had strengthened its underwriting, reduced its exposure to rapidly rising claim costs, adequately priced its policies, and maintained sufficient reserves. In reality, Everest remained concentrated in the very risks it claimed to have reduced, underpriced that business, and failed to timely record adequate reserves.

Everest thereby understated its liabilities and expenses and overstated its earnings. When the truth emerged, Everest recorded approximately $2.2 billion in reserve charges, purchased protection against further losses, and exited portions of its casualty business, causing substantial investor losses.

3. Everest is a commercial property and casualty insurer and reinsurer incorporated in Bermuda, where it maintains its principal executive offices. It earns an underwriting profit when earned premiums exceed incurred claims and related expenses. Because casualty claims may take years to resolve, Everest must estimate their ultimate cost and record reserves for both reported and unreported claims. As claims develop, payment patterns, case reserves, settlements, and trends in claim frequency and severity provide information about expected losses. Accounting rules require Everest to evaluate this information at each reporting date and adjust its reserves when warranted.

4. Timely reserve adjustments were critical during the relevant period because Everest's U.S. casualty business was exposed to social inflation, meaning increases in claim costs beyond ordinary inflation caused by larger verdicts and settlements, litigation funding, and rising legal expenses. Everest represented that it closely monitored these trends, reviewed its reserves each quarter, and escalated material risks to senior management and its board of directors. When that information showed that expected claim costs had increased, Everest was required to increase its reserves. Failing to do so understated its liabilities and expenses and overstated its earnings.

5. Beginning in 2020, Everest significantly expanded its U.S. casualty insurance business under the leadership of Defendants Juan Andrade, its then Chief Executive Officer ("CEO"), and Michael Karmilowicz, the head of its Insurance segment. During the Class Period, Defendants portrayed that expansion as disciplined and profitable. They represented that Everest

had strengthened its underwriting, improved pricing and policy terms to account for expected losses, and reduced its exposure to underperforming business and risks particularly vulnerable to social inflation.

6. The Class Period begins on February 8, 2024, after Everest released its fourth quarter 2023 results the prior evening. Everest increased its Insurance segment casualty reserves by $392 million, primarily for accident years 2016 through 2019, while assuring investors that reserves for more recent years remained adequate. On the earnings call, Defendant Mark Kociancic, Everest's then Chief Financial Officer ("CFO"), stated that Everest felt ***"good about the loss picks"*** for accident years 2020 through 2023, which management represented accounted for rising claim costs.[1] Andrade likewise stated that, since 2020, Everest had strengthened its underwriting and risk selection, increased its loss estimates and inflation assumptions, raised deductibles, and ***"exited certain social inflation-prone industry classes."*** He added that ***"if business doesn't meet our underwriting criteria, we just won't write it"*** and that the Insurance segment was entering 2024 from ***"a strong foundation."*** Defendants thus represented that the charge concerned older casualty business and that Everest had addressed rising claim costs in the business written since 2020.

7. Defendants reinforced these assurances throughout 2024. In April, when asked about accident years 2020 through 2023, Andrade stated that Everest remained ***"conservative with our loss picks for casualty lines"*** and held those picks longer in a ***"disciplined and systematic manner."*** Kociancic added that management ***"feel[s] very good"*** about the margins and lines being written. Kociancic further stated that a review of Everest's reserves ***"across the board"*** had not ***"altered our view of our reserve portfolio,"*** concluding, ***"steady as she goes."*** In August,

[1] Unless otherwise indicated, all bold and italic emphasis is added.

Defendants said Everest was growing in lines and geographies with ***"superior profit trajectories"*** while maintaining ***"disciplined risk selection."*** They also said Everest was reducing writings in certain lines, classes, and jurisdictions and would ***"walk away from business that does not meet our standards."*** When asked specifically about liability reserves for accident years 2020 through 2023, Kociancic stated that Everest had set ***"prudent loss picks,"*** its ***"picks are holding,"*** and there was ***"nothing material overall."*** He concluded, ***"we're standing tight."*** Taken together, these statements assured investors that Everest's casualty business from accident years 2020 through 2023 had been carefully selected, adequately priced, and conservatively reserved.

8. The statements described above, together with similar statements made throughout the Class Period, were materially false and misleading because Defendants failed to disclose that: (a) Everest remained materially exposed to and concentrated in casualty risks subject to escalating claim costs, including business Defendants claimed Everest had reduced or exited; (b) Everest had inadequately priced portions of that business; (c) Everest's reserves were insufficient, causing it to understate its liabilities and expenses and materially overstate its earnings; and (d) addressing these problems would require substantial reserve charges, protection against further adverse development, and reductions in Everest's casualty business, thereby sacrificing recurring premium revenue.

9. The truth began to emerge after the market closed on October 30, 2024, when Everest released its third quarter results. Everest disclosed that loss activity in its U.S. casualty business had "definitely spiked" and that rate increases had accelerated into the high teens. Management also said it was becoming "increasingly cautious" and declining to renew underperforming accounts, particularly in real estate, habitational, and leisure classes exposed to social inflation. Everest further disclosed that its annual casualty reserve review was underway

and would be completed during the fourth quarter. Analysts warned that the review could produce a reserve charge, with Raymond James initially estimating a charge of up to $360 million. Defendants nevertheless maintained that rates exceeded expected loss trends, Everest wrote business only where pricing was adequate, and its underwriting actions would improve margins and profitability. In response to these disclosures, Everest's stock price fell 6.4% on October 31, 2024.

10. Investors' concerns deepened on December 3, 2024, when Everest disclosed without explanation that Karmilowicz, who had led the Insurance segment, had resigned as Chairman of Everest Global Insurance. Following this disclosure, Everest's stock price declined 1.7% on December 4, 2024. His resignation also prompted analysts to reassess the potential reserve charge from Everest's annual reserve review. That day, Wells Fargo lowered its price target and estimated that Everest could record an $872 million reserve increase. Following that report, Everest's stock price declined another 1.1% on December 5. Concerns intensified on January 8, 2025, when Everest unexpectedly announced Andrade's departure. Evercore called the departure ***"surprising,"*** concluded that it increased the likelihood that new management would strengthen reserves, and estimated a charge of $900 million to $1.1 billion, primarily for accident years 2021 through 2023. On this news, Everest's stock price declined another 4.1% on January 10, 2025.

11. Less than three weeks later, investors learned that Everest's reserve problems were far more severe than anticipated. After the market closed on January 27, 2025, Everest announced a $1.7 billion reserve charge, hundreds of millions of dollars more than analysts had projected. Approximately $1.3 billion related to U.S. casualty losses in Everest's Insurance segment, principally from accident years 2020 through 2024. The charge thus encompassed accident years

2020 through 2023, which Defendants had represented were conservatively reserved and benefited from improved pricing and underwriting.

12. During a business update call the next morning, newly appointed CEO James Williamson, who had overseen the Insurance business since March 2024, called the performance of Everest's U.S. casualty portfolio ***"unacceptable"*** and admitted that Everest's underwriting choices had contributed significantly to the losses. He identified large guaranteed cost programs and concentrations involving large auto fleets as examples of underwriting choices that increased Everest's exposure to social inflation. He further disclosed that, after taking over the Insurance business, he narrowed Everest's risk appetite and adopted a ***"very different approach"*** to underwriting. These admissions revealed that, contrary to Defendants' assurances, Everest had maintained a broader risk appetite, written business on terms that exposed it more fully to rising claim costs, and concentrated its portfolio in riskier casualty business. Following these disclosures, Everest's stock price declined 1.5%. S&P then revised its outlook for Everest and its core subsidiaries from stable to negative, citing the $1.7 billion reserve charge and the resulting expectation that Everest would report an underwriting loss for 2024. As investors absorbed the magnitude of the reserve charge, management's admissions, and S&P's negative outlook, Everest's stock price declined another 4.3%.

13. Although these January 2025 disclosures acknowledged serious underwriting problems, Defendants continued to mislead investors by conveying that the $1.7 billion reserve charge had addressed Everest's casualty reserve deficiencies. During the January 28 call, Williamson stated that the reserve review was intended to ***"firmly put this issue behind us"*** and that Everest's ***"decisive reserve action turns the page on issues surrounding our U.S. casualty portfolios."*** Williamson added that management had included a ***"robust risk margin"*** above

actuarial indications to produce a ***"conservative and sustainable"*** reserve estimate. Williamson further stated that Everest had declined to renew 37% of the North American casualty premiums presented for renewal during the third quarter and expected to complete its account-level remediation by the end of 2025. Defendants thus conveyed that the reserve charge had addressed the reserve deficiencies and that the remaining remediation would improve the portfolio going forward, rather than require further material reserve strengthening.

14. Defendants repeated these assurances throughout 2025. During the February 4, 2025 earnings call, they described the reserve charge as a decisive action that had fortified Everest's U.S. casualty reserves. On May 1, 2025, Defendants stated that the reserves included a margin above the actuarial central estimate, that North American loss experience remained consistent with that estimate, that the reserve bookings were ***"holding well,"*** and that management remained comfortable with the Insurance division's reserves. On July 31, they again stated that U.S. casualty loss development remained consistent with expectations, social inflation remained within Everest's assumptions, and the Insurance division's reserve position was ***"adequate."*** These assurances gave investors no indication that Everest's casualty reserves remained inadequate and would require further strengthening through another accounting charge and third- party protection against adverse development.

15. The truth further emerged after the market closed on October 27, 2025, less than three months after Defendants last assured investors that the Insurance division's casualty reserves were adequate. On that date, Everest disclosed that it had recorded $478 million in net unfavorable prior year reserve development, driven principally by adverse development in U.S. casualty losses from accident years 2022 through 2024. The Company also entered into an agreement providing $1.2 billion of protection against further adverse development on approximately $5.4 billion of

North American Insurance and Other segment reserves for accident years 2024 and prior. The next day, Williamson explained that Everest had been conducting its "1-Renewal Strategy" since July 2024 and had substantially completed its account-by-account remediation by July 2025. He admitted that, of the U.S. casualty development observed in 2025 that led Everest to further strengthen its reserves, ***"80% of that development in U.S. casualty" "came from policies that were eliminated from our portfolio during the course of the remediation."***

16. These disclosures revealed that the January 2025 charge and extensive underwriting remediation had not resolved Everest's casualty reserve problems. Addressing those problems required another substantial charge, protection against further adverse development, and the transfer to AIG of renewal rights for businesses generating approximately $2 billion in annual premiums. Analysts expressed surprise that Everest required additional protection and warned that rebuilding management's credibility would take time. In response to these disclosures, Everest's stock price declined $39.07 per share, or 11.4%, from $343.98 on October 27 to $304.91 on October 28, 2025.

17. As a result of Defendants' wrongful acts and omissions and the resulting declines in the market value of Everest common stock, Plaintiffs and other Class members suffered significant losses and compensable damages.

II. JURISDICTION AND VENUE

18. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the U.S. Securities and Exchange Commission ("SEC") (17 C.F.R. § 240.10b-5).

19. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

20. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act, 15 U.S.C. § 78aa. Everest common stock trades on the New York Stock Exchange ("NYSE"), located in this District, and Defendants' alleged misstatements were disseminated into and affected securities transactions within this District. Everest also maintains and conducts business through Insurance and Reinsurance offices in New York City and through operating subsidiaries authorized to write insurance in New York. When Karmilowicz joined Everest in 2015 to lead a unit of its U.S. Insurance operations, Everest announced that he would be based in its New York City office. Karmilowicz later served as President and CEO of Everest Insurance and then Chairman of Everest Global Insurance, leading the Insurance segment during much of the U.S. casualty expansion at issue.

21. In connection with the acts, conduct, and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the United States mails, interstate telephone communications, and the facilities of a national securities exchange.

III. PARTIES

22. Plaintiffs, as set forth in the accompanying Certifications, which are incorporated by reference herein, purchased Everest common stock during the Class Period and were damaged as a result of Defendants' wrongdoing alleged in this complaint.

23. Defendant Everest is a Bermuda corporation headquartered in Hamilton, Bermuda, that underwrites commercial property and casualty insurance and reinsurance. Everest's common stock trades on the NYSE under the ticker symbol "EG."

24. Defendant Juan Andrade ("Defendant Andrade") served as Everest's President and CEO from January 1, 2020, until his resignation on January 8, 2025. In that role, Defendant

Andrade signed the Company's relevant SEC filings and certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX").

25. Defendant Mark Kociancic ("Defendant Kociancic") served throughout the Class Period as Everest's Executive Vice President and Group Chief Financial Officer. In that role, Defendant Kociancic signed the Company's relevant SEC filings and SOX certifications.

26. Defendant James "Jim" Williamson ("Defendant Williamson") served as Everest's Executive Vice President and Group Chief Operating Officer and, beginning in March 2024, led its Reinsurance and Insurance divisions. On January 8, 2025, Defendant Williamson was appointed acting CEO, and on January 22, 2025, he was appointed permanent President and CEO. As acting and permanent CEO, Defendant Williamson signed the Company's relevant SEC filings and SOX certifications.

27. Defendant Michael Karmilowicz ("Defendant Karmilowicz") joined Everest in 2015 to lead a unit of its U.S. Insurance operations from the Company's New York City office. He later served as Everest's Executive Vice President and President and CEO of Everest Insurance until March 2024, when he was appointed Chairman of Everest Global Insurance. Defendant Karmilowicz led the Insurance segment during much of Everest's U.S. casualty expansion and, according to Everest, was a "driving force in shaping" its primary insurance business. He resigned as Chairman of Everest Global Insurance on December 3, 2024.

28. Defendants Andrade, Kociancic, Williamson, and Karmilowicz are sometimes collectively, in whole or in part, referred to herein as the "Individual Defendants."

29. The Individual Defendants possessed the power and authority to control the contents of Everest's SEC filings, press releases, and other market communications. The Individual Defendants were provided with copies of Everest's SEC filings and press releases

alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected. Because of their senior positions, the Individual Defendants had access to material nonpublic information concerning Everest's underwriting, pricing, casualty exposures, loss development, and reserves. They participated in preparing, reviewing, approving, or communicating the statements attributed to them herein and had the authority to cause materially false or misleading statements to be corrected. As alleged below, each Individual Defendant knew or recklessly disregarded that the statements attributed to him were materially false or misleading when made.

30. The Company and the Individual Defendants are sometimes collectively, in whole or in part, referred to herein as the "Defendants."

IV. SUBSTANTIVE ALLEGATIONS

A. Background

31. Everest is a commercial property and casualty insurer and reinsurer incorporated in Bermuda, where it maintains its principal executive offices. Everest operates through two reportable segments, Insurance and Reinsurance. The Insurance segment writes primary insurance for policyholders, while the Reinsurance segment assumes portions of risks underwritten by other insurers in exchange for premiums ceded to Everest. The Company earns revenue principally from insurance and reinsurance premiums and from investing funds held before claims are paid.

32. Everest underwrites commercial property, casualty, and specialty risks. A "policy year" generally refers to the year in which a policy becomes effective, while an "accident year" refers to the year in which a covered event occurs. Because most commercial policies have terms of approximately one year, losses assigned to a particular accident year generally arise under policies that became effective during that year or the preceding year. As each accident year develops, reported claims, payment patterns, case reserves, settlements, and trends in claim

frequency and severity provide information about expected losses, even before all claims are resolved. Everest must evaluate that information, estimate the ultimate cost of those claims, and record reserves for unpaid losses and related expenses, including claims that have been incurred but not reported ("IBNR"). Everest earns an underwriting profit when earned premiums exceed incurred losses and related expenses.

33. Applicable accounting rules require Everest to evaluate developing claims information at each reporting date and adjust its reserves to reflect revised loss estimates. A reserve increase is recorded as an expense and reduces earnings. Accordingly, failing to timely account for increased claim costs understates Everest's liabilities and expenses and overstates its earnings.

34. Everest's profitability and reported financial results depended on appropriately pricing its U.S. casualty business and reasonably estimating its reserves, particularly because that business was exposed to "social inflation." Social inflation refers to increases in claim costs beyond ordinary inflation caused by larger verdicts and settlements, third-party litigation funding, and rising legal expenses. To maintain profitable underwriting margins and sufficient reserves, Everest needed to incorporate expected social inflation costs into both the premiums it charged and its reserve estimates. Everest represented that it closely monitored claim trends, reviewed its reserves quarterly, and escalated material risks to senior management and its board of directors. Through these processes, Defendants had access to developing information concerning the pricing, performance, and expected losses of Everest's casualty business.

35. Beginning in 2020, Everest significantly expanded its U.S. casualty insurance business under the leadership of Defendants Andrade and Karmilowicz. Defendants portrayed the expansion as disciplined and profitable, representing that Everest had strengthened its

underwriting, improved pricing and policy terms to reflect expected losses, and reduced its exposure to underperforming business and risks particularly vulnerable to social inflation. These representations were important because the profitability of the expanded business depended on Everest carefully selecting and adequately pricing the risks it insured and recording reasonable estimates of their expected costs on a timely basis. Defendants' false and misleading statements alleged below concerned, among other matters, Everest's underwriting and pricing of the casualty business written since 2020, the composition and concentration of that portfolio, and the adequacy of reserves for accident years 2020 through 2024.

B. Defendants' False and Misleading Statements

Q4 2023 Results

36. On February 7, 2024, after the market closed, Everest issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2023, which it furnished to the SEC as an exhibit to a Form 8-K. The press release reported that, as of December 31, 2023, Everest had $24.604 billion in reserves for losses and loss adjustment expenses. For the year, Everest reported incurred losses and loss adjustment expenses of $8.427 billion, income before taxes of $2.154 billion, net income of $2.517 billion, or $60.19 per diluted share, and operating income of $2.776 billion, or $66.39 per diluted share. Everest also reported a 20.9% net income return on average equity and a 23.1% operating return on equity, a performance measure used to determine executive incentive compensation.

37. The press release further reported a consolidated combined ratio of 90.9% for 2023. The Reinsurance segment reported a current year loss ratio of 57.6% and a combined ratio of 86.4%, while the Insurance segment reported a current year loss ratio of 63.6% and a combined ratio of 103.0%. During the fourth quarter, Everest recognized $397 million of favorable prior year reserve development in Reinsurance and $392 million of adverse prior year reserve

development in Insurance, resulting in approximately $5 million of net favorable prior year reserve development for the Company.

38. Everest stated that the Insurance reserve strengthening addressed social inflation in long-tail casualty lines and was "focused on accident years 2016 to 2019." The Company further stated that its fourth quarter Insurance segment's attritional loss ratio had improved due to "favorable current year loss experience and business mix" and that "[p]ricing continues to exceed loss trend." Defendant Andrade called 2023 "the most profitable year in our history" and stated that Everest had delivered "record annual results in underwriting income, net investment income, operating income, net income, and cash flow from operations." He further represented that Everest had "further solidified our balance sheet" and entered 2024 "stronger and better positioned."

39. The Class Period begins on February 8, 2024, when Everest held its fourth quarter 2023 earnings call ("Q4 2023 Call") to discuss the results released the prior evening, including the $392 million of reserve strengthening intended to address social inflation in its casualty business. During the call, Defendants portrayed the adverse development as a legacy issue concentrated in accident years 2016 through 2019 and assured investors that the casualty business from accident years 2020 through 2023 remained adequately priced, carefully underwritten, and conservatively reserved. Defendant Andrade attributed the reserve charge to social inflation affecting the older accident years while emphasizing the strength of the remaining portfolio:

> The combined ratio increase was driven by our reserve strengthening to address the impacts of social inflation on long-tail lines in the 2016 to 2019 period. ***The core underlying performance of the book is strong.***

40. During the same call, Defendant Andrade described measures that management had purportedly taken since 2020 to strengthen risk selection, pricing, loss picks, and policy terms and reduce Everest's exposure to social inflation:

> Since this management team took over in 2020, ***we have significantly increased prudence around risk selection and deployed a disciplined underwriting strategy***. We rebuilt the underwriting engine from top to bottom, investing in top tier underwriting tools and experienced talent. We significantly strengthened our underwriting guidelines and risk selection parameters. Additionally, we pushed rate in excess of trend, broadly raised our inflation assumptions and initial loss picks. We added more loss sensitive features, raised deductibles and lowered limits. We exited certain social inflation prone industry classes and invested in additional claims technology. As I said, ***if business doesn't meet our underwriting criteria, we just won't write it.***

41. Also during the Q4 2023 Call, Defendant Kociancic addressed the effect of social inflation on Everest's older casualty business and stated that the fourth quarter reserve actions were intended to ***"close the book"*** on accident years 2016 through 2019. He further assured investors that the reserves for accident years 2020 through 2023 accounted for observed loss trends and remained adequate:

> Now let me touch on the reserve moves in the quarter. As we stated on our Investor Day, our objective is to book the company's overall reserve position at management's best estimate plus a margin. And as of year end, we've accomplished that as ***our reserve position remains strong***. This quarter we recognized $5 million of net favorable reserve development ***following the completion of our detailed ground-up review of all of our reserve portfolios for 2023*** . . . . The entire industry faces the real impact of social inflation focused on the 2016 to 2019 accident years. And Everest is seeing some of these same trends and we've prudently acted on them given the now well-developed loss patterns for those years. And this is driven primarily by higher severity in general liability and to a lesser extent commercial auto liability. And this is contrasted with accident years, 2015 and prior, which continue to show strength and stability and ***more recent accident years, namely 2020 and onward, where we see the benefit of significant rate increases, limit reductions and targeted portfolio management actions***, as Juan highlighted. We will be prudent and let long-tail reserves from those more recent accident years from 2020 onwards continue to season more fully. ***As a result of these comprehensive actions, the portfolio today is a higher quality, more diversified book of business, well-positioned to provide strong risk-adjusted returns.***

In response to an analyst question about the reserve charge, Defendant Kociancic represented that the reserve strengthening was confined almost entirely to accident years 2016

through 2019 and that loss picks for accident years 2020 through 2023 adequately reflected social inflation:

> Well, virtually all of the strengthening took place in 2016 to 2019, and that was really related to the inflationary pressure . . . . ***When we look at 2020 to onwards, to 2023, we feel good about the loss picks that we've set*** and then the process that we follow there . . . . So, ***the loss picks from 2020 to 2023 have reflected a proper amount for the social inflation risk and we feel comfortable with those figures.***

42. In the same call, Defendant Kociancic was asked about whether the reserve problems were "behind" Everest:

> **Question – Evercore ISI:** And then, just on that point, just closing the book, I guess I'm sort of just wondering, any other color you can give us that would help us feel comfortable that this is behind us? Because, I kind of look at the charge that you guys took in 2020. And then after that, there have been more additions. It sounds like you guys did a little bit here in 2023. So, what makes you think we don't sort of see that same trend happen on the insurance side as well?
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> **Answer – Defendant Kociancic:** Well, I think there's several points. First of all, you've got very well-developed reporting patterns for the 2016 and 2019 years, so again, anywhere from 70% to 90% development, completion of development for 2016 to 2019. So that gives us a lot of confidence that we're dealing with, with actual data. We also have assumptions that I think are very prudent in terms of the social inflation impacts. . . . The larger point is 2020 onwards and I think this is what we've been trying to emphasize is we're benefiting from several factors. You can start with the process that we've embedded not only on the reserving side, but how we act upon information inside the company. And so, ***you're seeing the claims data, what we're getting on the reserving side, and embedding it within management pricing and underwriting. So, which classes of business, which programs are causing issues or at risk, are we adequate pricing for it? And so, we're far more disciplined, I would say, 2020 onwards with respect to that.***
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> Second part, there's been a significant amount of rate that's accumulated on a quarterly basis beginning in Q4 of 2019. And that's clearly helping and it's supported by the industry loss data that's been developing since that point in time. And then you've got the prudent loss picks. Clearly, we've elevated our loss pick selection, taking into account social inflation factors, other risk factors, just trying to be more prudent as a management team. Nobody wants to go through this exercise. And so, we recognized that when we started, and hence the constant effort on portfolio management, I mean, that is ultimately the key, understanding at a granular basis your portfolio by line, by client, by policy. What is driving your profitability? What is driving underwhelming results? What is driving good results? The risk selection aspect. And that's something that I think we have been able to do a pretty good job of since 2020.

43. In response to the same analyst question about whether the reserve problems were "behind" Everest, Defendant Karmilowicz, Everest's Executive Vice President, added that the Company's risk selection had dramatically changed the composition of its casualty portfolio since the hard market years, citing sharp reductions in limits and in general liability policy count as evidence that Everest was being proactive in managing its portfolio:

> The other piece I would add to all this is that you think about us growing into the hard market years. ***These portfolio compositions are dramatically different.*** So, the point to risk selection, we have massively cut down rates over 40% on average. Our rates -- our overall limits are down in excess. We've actually continued to drive, and thinking just on GL, ***our policy count is down over 23% in the last two years as we drive heavy risk selection***, driving rate embedded to exceed margin. So, ***we're making all the right steps to continue to be proactive in our portfolio management.***

44. Defendant Kociancic reinforced his assurances about the casualty business written since 2020, stating that Everest had improved its reserving, underwriting, and claims functions and embedded conservatism into lines exposed to social inflation. He contrasted those improvements with the reserve issues affecting accident years 2016 through 2019, which he represented had been resolved by the fourth quarter reserve actions:

> Since this management team took over in 2020, ***we have made significant improvements to our reserving, underwriting and claims functions***, and this allows us to improve the efficiency and effectiveness of our feedback loop between underwriting, management, claims, pricing and reserving. This allows us to manage information faster, improving overall portfolio performance. ***We have been embedding conservatism into social inflation prone lines in both divisions*** to make sure we can manage these types of industry hurdles. . . . ***Given our disciplined approach to acting on bad news early and good news late, we feel our reserve position is prudent*** and there is meaningful embedded margin that we will let season. ***We believe the balance sheet moves we made this quarter have closed the book on the 2016 to 2019 reserves*** and put us in very good shape to generate leading returns in the years ahead.

2023 Annual Results

45. On February 28, 2024, Everest filed with the SEC a Form 10-K reporting the Company's financial results for the fiscal year ended December 31, 2023 (the "2023 Form 10-K").

The 2023 Form 10-K repeated the financial results and reserve figures previously reported in the February 7, 2024 press release and contained the following statements about the Company's underwriting strategy:

> Key elements of the Company's underwriting strategies, as applicable to the Insurance segment, include careful expansion on what we believe to be the Company's existing strengths in the primary insurance market, including its broad underwriting expertise, global presence, strong financial ratings and substantial capital, and facilitating adjustments to its mix of business by geographic region, line of business and type of coverage. These strategies allow Everest to fully participate in market opportunities that provide the greatest potential for underwriting profitability. . . . ***The Company carefully monitors its mix of business across all operations to seek to avoid unacceptable geographic or other risk concentrations***.

46. The 2023 Form 10-K contained the following statements about reserves for unpaid property and casualty losses and loss adjustment expenses ("LAE"):

> The Company's loss and LAE reserves represent management's best estimate of the Company's ultimate liability. Management's best estimate is developed through collaboration with actuarial, underwriting, claims, legal and finance departments and culminates with the input of reserve committees. Each segment's reserve committee includes the participation of the relevant parties from actuarial, finance, claims and the segment's senior management and has the responsibility for recommending and approving management's best estimate for its respective segment. Reserves are further reviewed by Everest's Chief Reserving Actuary and senior management. The objective of such process is to determine a single best estimate viewed by management to be the best estimate of its ultimate loss liability. ***While there can be no assurance that these reserves will not need to be increased in the future, management believes that the Company's existing reserves and reserving methodologies reduce the likelihood that any such increases would have a material adverse effect on the Company's financial condition, results of operations or cash flows***.
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> […]
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> Like many other property and casualty insurance and reinsurance companies, the Company has experienced loss development for prior accident years, which has impacted losses and LAE reserves and caused corresponding effects to income (loss) in the periods in which the adjustments were made. ***There can be no assurance that adverse development from prior years will not occur in the future*** or that such adverse development will not have a material adverse effect on net income (loss).

> Incurred losses and LAE increased by 28.0% to $2.7 billion in 2023 compared to $2.1 billion in 2022. The increase was mainly due to unfavorable development on prior years attritional losses of $392 million in 2023, mainly related to casualty lines in accident years 2016 through 2019 that were impacted by social inflation and an increase of $303 million in current year attritional losses, partially offset by a decrease in current year catastrophe losses of $105 million.
>
> Our most critical accounting estimate is the determination of our loss and LAE reserves. ***We maintain reserves equal to our estimated ultimate liability for losses and LAE for reported and unreported claims for our insurance and reinsurance businesses. Because reserves are based on estimates of ultimate losses and LAE by underwriting or accident year, we use a variety of statistical and actuarial techniques to monitor reserve adequacy over time, evaluate new information as it becomes known and adjust reserves whenever an adjustment appears warranted***. We consider many factors when setting reserves including: (1) our exposure base and projected ultimate premiums earned; (2) our expected loss ratios by product and class of business, which are developed collaboratively by underwriters and actuaries; (3) actuarial methodologies and assumptions which analyze our loss reporting and payment experience, reports from ceding companies and historical trends, such as reserving patterns, loss payments and product mix; (4) current legal interpretations of coverage and liability; and (5) economic conditions.

47. The 2023 Form 10-K warned that Everest could fail to assess underwriting risks accurately, could establish inadequate premium rates, and could experience underpricing or reserve deficiencies if inflation exceeded expectations. Specifically, Everest stated that:

> Because of the uncertainties that surround our estimates of loss and LAE reserves, we cannot be certain that ultimate losses and LAE payments will not exceed our estimates. ***If our reserves are deficient, we would be required to increase loss reserves in the period in which such deficiencies are identified which would cause a charge to our earnings*** and a reduction of capital.
>
> The failure to accurately assess underwriting risk and establish adequate premium rates could reduce our net income or result in a net loss. Our success depends on our ability to accurately assess the risks associated with the businesses on which the risk is retained. If we fail to accurately assess the risks we retain, we ***may*** fail to establish adequate premium rates to cover our losses and LAE. This ***could*** reduce our net income and even result in a net loss. In addition, losses ***may*** arise from events or exposures that are not anticipated when the coverage is priced. In addition to such unanticipated events, we also face the unanticipated expansion of our exposures, particularly in long-tail liability lines.

48. Defendants Andrade and Kociancic signed the 2023 Form 10-K on Everest's behalf and executed SOX certifications stating that they had reviewed the filing, that it contained no material misstatement or omission, and that its financial information fairly presented Everest's financial condition and results in all material respects. They further certified that they were responsible for establishing and maintaining Everest's disclosure controls and internal control over financial reporting, had evaluated the effectiveness of the Company's disclosure controls, and had disclosed to Everest's auditors and Audit Committee all significant deficiencies and material weaknesses in those controls and any fraud involving persons with a significant role in them.

Q1 2024 Results

49. On April 29, 2024, after the market closed, Everest issued a press release announcing its financial results for the first quarter ended March 31, 2024, which it furnished to the SEC as an exhibit to a Form 8-K. The press release reported that, as of March 31, 2024, Everest had $25.211 billion in reserves for losses and loss adjustment expenses. For the quarter, Everest reported incurred losses and loss adjustment expenses of $2.237 billion, income before taxes of $832 million, net income of $733 million, or $16.87 per diluted share, and net operating income of $709 million, or $16.32 per diluted share. Everest also reported an annualized 20.6% net income return on average equity and a 20.0% operating income return on average equity.

50. The press release further reported a consolidated combined ratio of 88.8% for the first quarter of 2024. The Reinsurance segment reported an attritional loss ratio of 57.2% and a combined ratio of 87.3%, while the Insurance segment reported an attritional loss ratio of 64.0% and a combined ratio of 93.1%. Defendant Andrade stated that the Insurance segment was expanding in global markets "while remaining focused on prudent risk selection and the bottom line."

51. Before the market opened on April 30, 2024, Everest held an earnings call to discuss the results reported in the press release and Form 8-K ("Q1 2024 Call"). During the call, management highlighted 10% constant-dollar growth in the Insurance segment driven by property and specialty lines, while noting that casualty growth remained modest despite rate increases meaningfully exceeding loss trends. Management attributed the Insurance segment's 64% attritional loss ratio to disciplined risk selection, favorable pricing, and prudent casualty loss picks. Defendant Andrade stated:

> We drove margin expansion through rate increases that are meaningfully in excess of loss trend, targeted risk selection, portfolio and cycle management, exposure growth and with underwriting discipline. We accomplished this while ***consistently and purposefully maintaining conservatism in our loss picks. We are confident in how we have shaped our portfolio.***

52. Defendant Andrade further emphasized Everest's selective approach to casualty underwriting:

> Both rate and terms and conditions remained at attractive levels, resulting in a portfolio that should continue to achieve excellent risk-adjusted returns. We grew our total property portfolio significantly, building on meaningful increases in 2023. We expanded our portfolio in attractive specialty lines of business, particularly marine and aviation. ***We remain disciplined and surgical in our approach to certain casualty lines.***

53. In response to an analyst question about accident years 2020 through 2023, Defendant Andrade stated that Everest remained disciplined in its underwriting and conservative in its casualty loss picks:

> In every quarter, you're going to have some timing and mix noise, but ***the fundamentals to our approach have remained consistent. And that's really the fact that we have been very disciplined underwriters, and we continue to remain conservative with our loss picks for casualty lines*** in both divisions, not only in insurance.

54. Defendant Kociancic added that Everest's prudent loss picks, favorable margins, and rates exceeding loss trends supported management's confidence:

> In addition to the conservatism and the prudence in the loss picks, we feel very good about the margin that we're building in the lines that we're writing. We're obviously tracking loss trend. I'll give you a couple high level points on that. But essentially, it's been elevated for a while for several quarters, but stable, broadly stable and rate has been meaningfully in excess of trends, and we feel good.

55. In response to a separate analyst question about Everest's reserve position, Defendant Kociancic stated that management's quarterly review extended "across the board," thereby encompassing accident years 2020 through 2023, and had identified nothing that changed its assessment:

> We did do our Q1 quarterly review process. It's quite comprehensive. You're right. No real reserve studies to go through in the first quarter, but plenty of anecdotal data that we're looking at, all kinds of information. And so, after we did a review of not only those years, but really across the board, ***we don't see anything that's altered our view of our reserve portfolio. So, steady as she goes.***

56. On May 3, 2024, Everest filed its Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (the "Q1 2024 Form 10-Q"). The filing reiterated the financial results and reserve figures previously reported in the April 29, 2024 press release and represented that Everest's existing reserves and reserving methodologies reduced the likelihood that future reserve increases would materially affect its financial condition or results:

> There can be no assurance that reserves for, and losses from, claim obligations will not increase in the future, possibly by a material amount. However, ***we believe that our existing reserves and reserving methodologies lessen the probability that any such increase would have a material adverse effect on our financial condition, results of operations or cash flows***.

57. Defendants Andrade and Kociancic signed the Q1 2024 Form 10-Q on Everest's behalf and executed SOX certifications stating that they had reviewed the report, that it contained no material misstatement or omission, and that its financial information fairly presented Everest's financial condition and results in all material respects. They further certified that they were responsible for establishing and maintaining Everest's disclosure controls and internal control over financial reporting, had evaluated the effectiveness of the Company's disclosure controls, and had

disclosed to Everest's auditors and Audit Committee all significant deficiencies and material weaknesses in those controls and any fraud involving persons with a significant role in them. The filing reported no material changes to the risk factors set forth in the 2023 Form 10-K.

Q2 2024 Results

58. On July 31, 2024, after the market closed, Everest issued a press release announcing its financial results for the second quarter ended June 30, 2024, which it furnished to the SEC as an exhibit to a Form 8-K. The press release reported that, as of June 30, 2024, Everest had $25.853 billion in reserves for losses and loss adjustment expenses. For the quarter, Everest reported incurred losses and loss adjustment expenses of $2.311 billion, income before taxes of $832 million, net income of $724 million, or $16.70 per diluted share, and net operating income of $730 million, or $16.85 per diluted share. Everest also reported annualized net income return on average equity of 19.6% and annualized net operating income return on average equity of 19.7%.

59. The press release further reported a consolidated combined ratio of 90.3% for the quarter. The Reinsurance segment reported a current year loss ratio of 56.7% and a combined ratio of 88.9%, while the Insurance segment reported a current year loss ratio of 63.7% and a combined ratio of 94.4%. Everest stated that the fundamentals of its business were "robust," allowing it to "expand in areas with the strongest profit trajectory," while "remaining focused on disciplined underwriting and risk selection."

60. Before the market opened on August 1, 2024, Everest held an earnings call to discuss the results reported in the press release and Form 8-K ("Q2 2024 Call"). During the call, management reported 6% constant-dollar growth in the Insurance segment, driven by property and specialty lines, while casualty premiums declined slightly as Everest reduced writings in certain lines, classes, and jurisdictions. Separately, Defendant Andrade stated that Everest had shed more

than $300 million in casualty renewal premiums because certain programs did not meet its underwriting standards:

> In Casualty, we remain disciplined in lines that did not meet our underwriting criteria . . . . We have shed over $300 million in casualty renewal premiums so far this year, as the number of programs did not meet our underwriting standards. ***The quality of our book is excellent***, and the strength of our franchise continues to set the business apart. We expect risk-adjusted returns to remain very attractive.

61. Defendant Andrade further stated that Everest was using prudent loss picks for its casualty business and reduced writings exposed to social inflation:

> Regarding our work to navigate the complex risk environment, we are keenly focused on the effect of social inflation on casualty loss costs. ***We are booking our casualty business at prudent loss picks.*** And while we're achieving increased rate in excess of observed loss trend, we are reducing writings in certain lines, classes and jurisdictions . . . . We are focused on underwriting margin, and ***we walk away from business that does not meet our standards.***

62. In response to an analyst question about liability reserves for accident years 2020 through 2023, Defendant Kociancic stated:

> Look, we review our reserves quarterly, and we do it on a comprehensive basis and that process hasn't changed. It's what we've done for numerous quarters in a row. ***We've set prudent loss picks. And particularly for casualty, we plan to hold those loss picks.*** We've mentioned in previous quarters, and we'll state it again today that we've got broadly stable and elevated loss trend in US casualty. And that's what we expect in this kind of heightened risk environment that we've seen for quite a few quarters, led by social inflation. ***We feel good about the loss trend that we're posting in our assumptions.***

63. Defendant Kociancic further attributed management's confidence in those accident years to rate increases, reduced limits, underwriting actions, and diversification of the portfolio since 2020:

> [T]he real key is what we've emphasized previously, which is we've been able to build significant rate, limit reductions, underwriting actions, we've been able to diversify the book significantly since 2020 and it's matured into something that's much larger and diversified than pre-2020 . . . . So, in terms of where we are today, ***our picks are holding. We have various puts and takes for the first half of the year, but nothing material overall.***

64. On August 2, 2024, Everest filed its Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (the "Q2 2024 Form 10-Q"). The filing reiterated the financial results and reserve figures previously reported in the July 31, 2024 press release and represented that Everest's existing reserves and reserving methodologies reduced the likelihood that future reserve increases would materially affect its financial condition or results:

> There can be no assurance that reserves for, and losses from, claim obligations will not increase in the future, possibly by a material amount. However, ***we believe that our existing reserves and reserving methodologies lessen the probability that any such increase would have a material adverse effect on our financial condition, results of operations or cash flows***.

65. Defendants Andrade and Kociancic signed the Q2 2024 Form 10-Q on Everest's behalf and executed SOX certifications stating that they had reviewed the report, that it contained no material misstatement or omission, and that its financial information fairly presented Everest's financial condition and results in all material respects. They further certified that they were responsible for establishing and maintaining Everest's disclosure controls and internal control over financial reporting, had evaluated the effectiveness of those disclosure controls, and had disclosed to Everest's auditors and Audit Committee all significant deficiencies and material weaknesses in those controls and any fraud involving persons with a significant role in those controls. The filing reported no material changes to the risk factors set forth in the 2023 Form 10-K.

66. The statements in ¶¶ 36-65 were materially false and misleading when made because Defendants failed to disclose that: (a) Everest remained materially exposed to and concentrated in casualty risks subject to escalating claim costs, including business Defendants claimed Everest had reduced or exited; (b) Everest had inadequately priced portions of that business; (c) Everest's reserves were insufficient, causing it to understate its liabilities and expenses and materially overstate its earnings; and (d) addressing these problems would require

substantial reserve charges, protection against further adverse development, and reductions in Everest's casualty business, thereby sacrificing recurring premium revenue.

C. The Truth Begins to Emerge While Defendants Continue to Mislead Investors

67. The truth began to emerge after the market closed on October 30, 2024, when Everest released its third quarter 2024 results followed by an earnings call the next morning (the "Q3 2024 Call"). During the call, management revealed that loss activity had "definitely spiked" in excess casualty, general liability, and commercial auto and that rate increases had accelerated into the high teens. Management also said it was becoming "increasingly cautious" and declining to renew underperforming accounts, particularly in real estate, habitational, and leisure classes exposed to social inflation. Everest further disclosed that its annual casualty reserve review was underway and would be completed during the fourth quarter. Analysts warned that the review could result in significant reserve strengthening, with Raymond James initially estimating a charge of up to $360 million. In response to these disclosures, Everest's stock price declined $24.39 per share, or 6.4%, from $380.00 on October 30 to $355.61 on October 31, 2024.

68. Despite these disclosures, Defendants continued to assure investors that Everest's casualty business remained adequately priced and that its underwriting actions would improve profitability. Everest's October 30 press release, which it furnished to the SEC as an exhibit to a Form 8-K, stated that its operating income reflected "underwriting discipline and prudent risk management." Defendant Andrade added that the Insurance segment had grown "strong double-digits in more attractive property and specialty lines" while "remaining conservative across certain casualty lines." The release reported that, as of September 30, 2024, Everest had $27.480 billion in reserves for losses and loss adjustment expenses. For the quarter, Everest reported incurred losses and loss adjustment expenses of $2.584 billion, income before taxes of $577 million, net

income of $509 million, or $11.80 per diluted share, and net operating income of $630 million, or $14.62 per diluted share. Everest also reported annualized year-to-date net income return on average equity of 17.8% and net operating income return on average equity of 18.7%. The release further reported a consolidated combined ratio of 93.1%, a Reinsurance current year loss ratio of 56.3% and combined ratio of 91.8%, and an Insurance current year loss ratio of 63.5% and combined ratio of 97.1%.

69. During the Q3 2024 Call, management stated that North American casualty premiums had declined almost 20% because of deliberate portfolio actions, while the Insurance segment maintained a 63.3% attritional loss ratio. Defendant Andrade nevertheless maintained that Everest was writing casualty business only where pricing was adequate and that its underwriting actions would improve margins:

> In US casualty lines, we are focused on continuing to take action in classes exposed to this trend. For example, real estate, habitational and leisure accounts. And ***we are taking decisive underwriting actions. Our teams are selective on new business, achieving strong rate increases and non-renewing underperforming accounts. As a disciplined underwriting company, our goal is to ensure we are writing business only where pricing is adequate to earn our target risk-adjusted return.*** We expect the culmination of these actions to result in a higher margin and more consistently profitable book. In addition to our standard quarterly reserve review process, we will conclude our annual long-tail deep-dive reserve studies within the Insurance segment in the back half of the fourth quarter. And ***we will continue to take a conservative approach to the findings.***

70. Defendant Kociancic likewise stated that "the fundamentals underneath" the Insurance business remained intact, expressed confidence in achieving a 92% combined ratio, and said that he did not "see a scenario" in which the reserve review would affect Everest's excess capital or share repurchases.

71. On November 5, 2024, Everest filed its Form 10-Q with the SEC for the quarter ended September 30, 2024 (the "Q3 2024 Form 10-Q"). This filing reiterated the financial results and reserve figures previously reported in the October 30, 2024 press release and represented that

Everest's existing reserves and reserving methodologies reduced the likelihood that future reserve increases would materially affect its financial condition or results:

> There can be no assurance that reserves for, and losses from, claim obligations will not increase in the future, possibly by a material amount. However, ***we believe that our existing reserves and reserving methodologies lessen the probability that any such increase would have a material adverse effect on our financial condition, results of operations or cash flows***.

72. Defendants Andrade and Kociancic signed the Q3 2024 Form 10-Q on Everest's behalf and executed SOX certifications stating that they had reviewed the report, that it contained no material misstatement or omission, and that its financial information fairly presented Everest's financial condition and results in all material respects. They further certified that they were responsible for establishing and maintaining Everest's disclosure controls and internal control over financial reporting, had evaluated the effectiveness of those disclosure controls, and had disclosed to Everest's auditors and Audit Committee all significant deficiencies and material weaknesses in those controls and any fraud involving persons with significant roles in them. The filing reported no material changes to the risk factors set forth in the 2023 Form 10-K.

73. The statements in ¶¶ 68-72 were materially false and misleading when made because Defendants failed to disclose that: (a) Everest remained materially exposed to and concentrated in casualty risks subject to escalating claim costs, including business Defendants claimed Everest had reduced or exited; (b) Everest had inadequately priced portions of that business; (c) Everest's reserves were insufficient, causing it to understate its liabilities and expenses and materially overstate its earnings; and (d) addressing these problems would require substantial reserve charges, protection against further adverse development, and reductions in Everest's casualty business, thereby sacrificing recurring premium revenue.

D. Management Departures Further Confirmed the Underlying Problems

74. Investors' concerns deepened after the market closed on December 3, 2024, when Everest announced without explanation that Defendant Karmilowicz, who had led the Insurance segment, had resigned as Chairman of Everest Global Insurance, effective immediately. Following this disclosure, Everest's stock price declined $6.44 per share, or 1.7%, from $385.21 on December 3, 2024, to $378.77 on December 4, 2024. Defendant Karmilowicz's resignation also prompted analysts to reassess the potential reserve charge from Everest's annual review.

75. Then, on December 4, 2024, Wells Fargo lowered its price target and 2024 earnings estimate based on its projection that Everest could record an $872 million reserve increase related to U.S. casualty lines in the Insurance segment. The report linked that potential charge to the recent resignation of Defendant Karmilowicz, stating that, ***"[w]hile EG said they were streamlining management, the recent resignation of Mike Karmilowicz as Head of Insurance we believe also flags there could be a larger charge coming."*** Following that report, Everest's stock price declined another $4.06 per share, or 1.1%, from $378.77 on December 4, 2024, to $374.71 on December 5, 2024.

76. Concerns intensified on January 8, 2025, when Everest unexpectedly announced Defendant Andrade's departure and appointed Defendant Williamson acting CEO. Evercore called the departure "surprising," concluded that it increased the likelihood of reserve strengthening under new management, and warned that reserves may need to be further increased. Evercore estimated a charge of $900 million to $1.1 billion focused on accident years 2021 through 2023. In response to these disclosures, Everest's stock price declined $14.91 per share, or 4.1%, from $368.43 on January 8, 2025, to $353.52 on January 10, 2025.

E. Everest Discloses a $1.7 Billion Reserve Charge but Defendants Continue to Mislead Investors

Preliminary Q4 2024 Results and Business Update Call

77. Less than three weeks later, investors learned that Everest's casualty problems were far more severe than anticipated. After the market closed on January 27, 2025, Everest announced preliminary fourth quarter and full year 2024 results, including $1.7 billion of reserve strengthening, hundreds of millions of dollars more than analysts had projected. Approximately $1.3 billion arose from U.S. casualty losses in Everest's Insurance segment, principally from accident years 2020 through 2024. The charge thus encompassed accident years 2020 through 2023, which Defendants had repeatedly represented were conservatively reserved and had benefited from improved pricing, underwriting, and risk selection. Everest held a business update call the following morning to discuss these results.

78. During the business update call, newly appointed CEO James Williamson, who had overseen the Insurance segment since March 2024, called the performance of Everest's U.S. casualty portfolio ***"unacceptable"*** and admitted that ***"our underwriting choices contributed significantly to these results."*** Defendant Williamson identified large guaranteed cost programs, under which Everest retained more risk, and concentrations involving large auto fleets as underwriting choices that magnified the Company's exposure to social inflation. He further disclosed that, after assuming responsibility for the Insurance segment in March 2024, he narrowed Everest's risk appetite and adopted a ***"very different approach"*** to underwriting. These admissions revealed that, contrary to Defendants' prior assurances, Everest had maintained a broader risk appetite, written policies on terms that more fully exposed it to escalating claim costs, and concentrated its portfolio in riskier casualty business.

79. Following these disclosures, Everest's stock price declined $5.53 per share, or 1.5%, from $373.00 on January 27 to $367.47 on January 28, 2025. S&P then revised its outlook for Everest and its core subsidiaries from stable to negative, citing the $1.7 billion reserve charge and the resulting expectation that Everest would report an underwriting loss for 2024. As investors absorbed the reserve charge, management's admissions, and S&P's negative outlook, Everest's stock price declined another $15.96 per share, or 4.3%, to $351.51 on January 29. Over the two trading days, Everest's stock price declined a total of $21.49 per share, or 5.8%.

80. Although these disclosures acknowledged serious underwriting and reserving problems, Defendants continued to mislead investors by assuring them that the $1.7 billion charge had adequately addressed Everest's existing casualty losses. Defendant Williamson stated that the reserve review was intended to ***"firmly put this issue behind us"*** and declared that Everest's ***"decisive reserve action turns the page on issues surrounding our U.S. casualty portfolios."*** Defendant Williamson added that management had included a "robust risk margin" above actuarial indications to produce a "conservative and sustainable" reserve estimate. Defendant Williamson separately stated that Everest had declined to renew 37% of North American casualty premiums presented for renewal during the third quarter and expected to complete its ***"account-by-account remediation"*** by the end of 2025. Defendants thus represented that Everest had adequately reserved for losses on previously written business and that the remaining work involved reshaping its portfolio going forward, not correcting further reserve deficiencies.

81. Analysts understood Everest's January reserve action to mean that the $1.7 billion charge had largely resolved the Company's Insurance reserve problems. Barclays stated that "[w]hile the sheer size of the charge seems big enough to ease ongoing concerns around casualty," lingering questions remained elsewhere, and concluded that "Insurance Casualty appears to be

adequately reserved at this point." Morgan Stanley similarly stated that the charge "should clear [the] majority of the concerns for Everest's Insurance casualty segments." Raymond James later stated that Everest's shares could recover "provided the reserve charge prove sufficient" and its underlying results stabilized. This commentary reflected the market's understanding that Everest's future performance and book value depended on whether the charge had fully addressed the casualty losses arising from its prior underwriting decisions.

82. Analysts also attributed the charge to the underwriting practices Defendant Williamson had identified. Jefferies reported that management attributed the reserve strengthening to elevated loss trends caused by social inflation and legal system abuse, as well as Everest's prior willingness to write real estate, habitational, and sports and entertainment risks and large guaranteed cost programs that "magnified the impact of social inflation." Barclays likewise identified sports and leisure, real estate, habitational, commercial auto, and excess liability as the casualty lines driving the charge. Barclays also described management's plan to restore price adequacy within a single renewal cycle as "ambitious," noting that such remediation would ordinarily require multiple renewal cycles.

83. The statements alleged in ¶ 80 were materially false and misleading because Defendants failed to disclose that: (a) Everest remained materially exposed to and concentrated in casualty risks subject to escalating claim costs, including business Defendants claimed Everest had reduced or exited; (b) Everest had inadequately priced portions of that business; (c) Everest's reserves were insufficient, causing it to understate its liabilities and expenses and materially overstate its earnings; and (d) addressing these problems would require substantial reserve charges, protection against further adverse development, and reductions in Everest's casualty business, thereby sacrificing recurring premium revenue.

Q4 2024 and 2024 Annual Results

84. On February 3, 2025, after the market closed, Everest issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2024, which it furnished to the SEC as an exhibit to a Form 8-K. The press release reported that, as of December 31, 2024, Everest had $29.889 billion in reserves for losses and loss adjustment expenses. For 2024, Everest reported $11.305 billion in incurred losses and loss adjustment expenses, $1.493 billion in income before taxes, $1.373 billion in net income, or $31.78 per diluted share, and $1.289 billion in operating income, or $29.83 per diluted share. Everest also reported a 9.6% net income return on equity and a 9.0% operating return on equity.

85. The press release further reported a consolidated combined ratio of 102.3% for 2024. The Reinsurance segment reported a current year loss ratio of 56.6% and a combined ratio of 89.7%, while the Insurance segment reported a current year loss ratio of 68.3% and a combined ratio of 130.7%. During the fourth quarter, Everest recognized $1.072 billion of adverse prior year reserve development in the Insurance segment, contributing to $1.475 billion of adverse prior year reserve development for the Company as a whole. Despite these results, Defendant Williamson stated that "the significant transformation of our North America insurance platform is well underway" and that Everest had made "meaningful progress improving our portfolio" while taking "aggressive underwriting action in U.S. casualty lines."

86. Before the market opened on February 4, 2025, Everest held an earnings call to discuss its fourth quarter and annual results (the "Q4 2024 Call"). During the call, Defendants reinforced their assurances that the reserve charge had adequately addressed Everest's existing casualty losses. Defendant Kociancic stated that Everest had taken "decisive action to fortify our U.S. casualty reserves following a comprehensive reserve review." Defendant Williamson

likewise stated that the "prudence" applied in constructing the reserve actions and "topping off" the 2024 loss picks was "a level of prudence that we plan on continuing in 2025."

87. Defendants also portrayed the remaining work as prospective portfolio remediation rather than the correction of further reserve deficiencies. Defendant Williamson stated that Everest had declined to renew 40% of its North American casualty premiums presented for renewal during the fourth quarter, reducing premiums in its continuing U.S. specialty casualty business by approximately 23%. He further stated that these actions were "already being reflected in our data," that specialty casualty had declined from more than 30% to 25% of global Insurance premiums, and that "the quality of the accounts has improved dramatically."

88. Defendant Kociancic acknowledged that premiums from some older casualty policies would continue to be earned during 2025 but assured investors that Everest had already incorporated the resulting effect into its projections. Defendant Kociancic stated:

> There are still unearned premium that is earning out into 2025 with some of the older casualty business that we likely will non-renew. And that will be a bit of a drag in 2025, but that's something we've expected, we forecasted.

Defendant Kociancic added that improved business mix and Everest's approach to casualty renewals and new business would help the Insurance segment's loss ratio improve during 2025. Defendants thus represented that Everest had accounted for the expected effect of its older casualty business on 2025 results and that the Insurance portfolio would improve as the remediation progressed.

89. On February 27, 2025, Everest filed its Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Form 10-K"). The 2024 Form 10-K repeated the financial results and reserve figures reported in the February 3, 2025 press release. It also repeated substantially the same statements concerning Everest's underwriting strategy and loss and LAE reserves that appeared in the 2023 Form 10-K, stating:

> Key elements of the Company's underwriting strategies, as applicable to the Insurance segment, include careful expansion on what we believe to be the Company's existing strengths in the primary insurance market, including its broad underwriting expertise, global presence, strong financial ratings and substantial capital, and facilitating adjustments to its mix of business by geographic region, line of business and type of coverage. These strategies allow Everest to fully participate in market opportunities that provide the greatest potential for underwriting profitability. . .. ***The Company carefully monitors its mix of business across all operations to seek to avoid unacceptable geographic or other risk concentrations***.
>
> The Company's loss and LAE reserves represent management's best estimate of the Company's ultimate liability. Management's best estimate is developed through collaboration with actuarial, underwriting, claims, legal and finance departments and culminates with the input of reserve committees. Each segment's reserve committee includes the participation of the relevant parties from actuarial, finance, claims and the segment's senior management. Reserves are further reviewed by Everest's Chief Reserving Actuary and senior management. The objective of such process is to determine a single best estimate viewed by management to be the best estimate of its ultimate loss liability. ***While there can be no assurance that these reserves will not need to be increased in the future, management believes that the Company's existing reserves and reserving methodologies reduce the likelihood that any such increases would have a material adverse effect on the Company's financial condition, results of operations or cash flows***.
>
> Like many other property and casualty insurance and reinsurance companies, the Company has experienced loss development for prior accident years, which has impacted losses and LAE reserves and caused corresponding effects to income (loss) in the periods in which the adjustments were made. ***There can be no assurance that adverse development from prior years will not occur in the future*** or that such adverse development will not have a material adverse effect on net income (loss).

90. The 2024 Form 10-K also reported that the Insurance segment's incurred losses and LAE increased 46.5%, to $3.6 billion in 2024 from $2.5 billion in 2023. Everest attributed the increase primarily to $787 million of unfavorable development in prior year attritional losses, a $277 million increase in current year attritional losses, and a $100 million increase in current year catastrophe losses, partially offset by $14 million of favorable development in prior year catastrophe losses. Everest further disclosed that it had strengthened prior year U.S. casualty reserves by $1.1 billion and current accident year U.S. casualty reserves by $206 million. The

2024 Form 10-K stated that "[t]he reserve strengthening was driven by a combination of social inflation and portfolio concentrations in certain U.S. casualty lines classes."

91. Describing its reserve process, Everest stated:

> Our most critical accounting estimate is the determination of our loss and LAE reserves. ***We maintain reserves equal to management's estimated ultimate liability for losses and LAE for reported and unreported claims for our insurance and reinsurance businesses. Because reserves are based on estimates of ultimate losses and LAE by underwriting or accident year, we use a variety of statistical and actuarial techniques to monitor reserve adequacy over time, evaluate new information as it becomes known and adjust reserves whenever an adjustment appears warranted***. We consider many factors when setting reserves including: (1) our exposure base and projected ultimate premiums earned; (2) our expected loss ratios by product and class of business, which are developed collaboratively by underwriters and actuaries; (3) actuarial methodologies and assumptions which analyze our loss reporting and payment experience, reports from ceding companies and historical trends, such as reserving patterns, loss payments and product mix; (4) current legal interpretations of coverage and liability; and (5) economic conditions.

92. Defendants Williamson and Kociancic signed the 2024 Form 10-K on Everest's behalf and executed SOX certifications stating that they had reviewed the report, that it contained no material misstatement or omission, and that its financial information fairly presented Everest's financial condition and results in all material respects. They further certified that they were responsible for establishing and maintaining Everest's disclosure controls and internal control over financial reporting, had evaluated the effectiveness of the Company's disclosure controls, and had disclosed to Everest's auditors and Audit Committee any significant deficiencies, material weaknesses, or fraud involving employees with significant roles in those controls.

93. The 2024 Form 10-K also warned that Everest might fail to assess underwriting risks accurately, might establish inadequate premium rates, or might experience further reserve deficiencies. Specifically, Everest warned that "[i]f our reserves are deficient in future periods," it could be required to increase its reserves and incur a charge to earnings. Everest further warned that it "may fail to establish adequate premium rates or contract terms," that losses "may arise"

from exposures not anticipated when coverage was priced, and that emerging claims issues "may" increase the frequency and severity of claims.

94. The statements in ¶¶ 84-93 were materially false and misleading when made because Defendants failed to disclose to investors that: (a) Everest remained materially exposed to and concentrated in casualty risks subject to escalating claim costs, including business Defendants claimed Everest had reduced or exited; (b) Everest had inadequately priced portions of that business; (c) Everest's reserves were insufficient, causing it to understate its liabilities and expenses and materially overstate its earnings; and (d) addressing these problems would require substantial reserve charges, protection against further adverse development, and reductions in Everest's casualty business, thereby sacrificing recurring premium revenue.

Q1 2025 Results

95. On April 30, 2025, after the market closed, Everest issued a press release announcing its financial results for the first quarter ended March 31, 2025, which it furnished to the SEC as an exhibit to a Form 8-K. The press release reported that, as of March 31, 2025, Everest had $31.512 billion in reserves for losses and loss adjustment expenses. For the quarter, Everest reported $2.893 billion in incurred losses and loss adjustment expenses, $248 million in income before taxes, $210 million in net income, or $4.90 per diluted share, and $276 million in operating income, or $6.45 per diluted share. Everest also reported a 5.7% net income return on equity and a 7.5% operating return on equity.

96. The press release further reported a consolidated combined ratio of 102.7%. The Reinsurance segment reported a current year loss ratio of 58.5% and a combined ratio of 103.3%, while the Insurance segment reported a current year loss ratio of 69.0% and a combined ratio of 100.5%. Defendant Williamson stated that the remediation of Everest's U.S. casualty portfolio was "on track to be completed later this year."

97. Before the market opened on May 1, 2025, Everest held an earnings call to discuss its first quarter results (the "Q1 2025 Call"). During the call, Defendants stated that remediation of Everest's U.S. casualty portfolio had reached "peak" levels and that the Company had declined to renew 50% of the casualty premiums presented for renewal during the quarter. Defendants also represented that Everest's reserve position had improved, its U.S. casualty losses were developing as expected, and its 2025 loss picks included a significant risk margin above actuarial central estimates. Defendant Williamson stated:

> ***Everest's overall reserve position improved since the end of 2024.*** It's still early days in insurance, but our international business shows clear signs of strength, driven by excellent underwriting and prudent loss picks. ***In North America, our loss experience is in line with our actuarial central estimate.*** As I said earlier, our 2025 loss picks will include a significant risk margin above actuarial central estimates, which should yield additional reserve strength over time. In reinsurance, our analysis suggests robust favorable loss development in property lines. In casualty, loss activity remains in line with expectations. As I've said before, we will not take credit in our loss picks for underwriting actions until we know those actions are having the intended result.

98. Defendant Kociancic likewise stated:

> As we discussed last quarter, we are being very disciplined in setting and sustaining prudent loss picks based on underlying loss trends and our view of the U.S. casualty risk profile. In U.S. casualty lines, rate increases of nearly 20%, on average, remain well in excess of trend. Our Q1 U.S. casualty loss experience is consistent with our actuarial central estimate, which, as a reminder, is meaningfully below management's best estimate. Overall, we remain comfortable with the reserve position of our Insurance division, and we're on track to publish our Global Loss Triangles in June of this year.

99. When an analyst asked how the reserves established through Everest's year-end review were performing, Defendant Kociancic further stated:

> ***I think the bookings that we made are holding well.*** I made the point in my prepared remarks that we're performing well versus the actuarial central estimate. So, the risk margin that's on top of that is extra at the current time, and we're seeing the performance of other lines, property, for example, in particular, or some of the other shorter tail lines building some nice margin within the portfolio. So, at the present time, one quarter later, I'd say, ***we're . . . very comfortable with how we've progressed three months later after the charge.***

Defendant Kociancic further stated that Everest was exercising ***"heightened awareness and alertness on the U.S. casualty lines"*** and considering all available data when establishing its quarterly "best estimate liabilities." He again stated that management was ***"quite comfortable with our insurance reserves considering the issues we had in 2024."***

100. Defendant Williamson also represented that Everest's reserve decisions incorporated a margin intended to account for additional inflation affecting previously written policies. Addressing inflation affecting open claims, including claims from prior years, Defendant Williamson stated that Everest had applied "a very robust risk margin" to its loss picks and reserve decisions. He concluded that Everest was "in a really good spot relative to both the back-book as well as how we manage the go-forward."

101. On May 2, 2025, Everest filed its Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 (the "Q1 2025 Form 10-Q"). The Q1 2025 Form 10-Q repeated the financial results and reserve figures reported in the April 30, 2025 press release and stated:

> There can be no assurance that reserves for, and losses from, claim obligations will not increase in the future, possibly by a material amount. However, ***we believe that our existing reserves and reserving methodologies lessen the probability that any such increase would have a material adverse effect on our financial condition, results of operations or cash flows.***

102. Defendants Williamson and Kociancic signed the Q1 2025 Form 10-Q on Everest's behalf and executed SOX certifications stating that they had reviewed the report, that it contained no material misstatement or omission, and that its financial information fairly presented Everest's financial condition and results in all material respects. They further certified that they were responsible for establishing and maintaining Everest's disclosure controls and internal control over financial reporting, had evaluated the effectiveness of the Company's disclosure controls, and had disclosed to Everest's auditors and Audit Committee any significant deficiencies, material

weaknesses, or fraud involving employees with significant roles in those controls. The Q1 2025 Form 10-Q reported no material changes to the risk factors contained in the 2024 Form 10-K.

Q2 2025 Results

103. On July 30, 2025, after the market closed, Everest issued a press release announcing its financial results for the second quarter ended June 30, 2025, which it furnished to the SEC as an exhibit to a Form 8-K. The press release reported that, as of June 30, 2025, Everest had $32.476 billion in reserves for losses and loss adjustment expenses. For the quarter, Everest reported $2.472 billion in incurred losses and loss adjustment expenses, $815 million in income before taxes, $680 million in net income, or $16.10 per diluted share, and $734 million in operating income, or $17.36 per diluted share. Everest also reported an 18.2% net income return on equity and a 19.6% operating return on equity.

104. The press release further reported a consolidated combined ratio of 90.4%. The Reinsurance segment reported a current year loss ratio of 56.4% and a combined ratio of 85.6%, while the Insurance segment reported a current year loss ratio of 68.9% and a combined ratio of 102.0%. During the quarter, Everest recognized $39 million of favorable prior year reserve development in Reinsurance and no prior year reserve development in Insurance. Defendant Williamson stated that execution of Everest's "1-Renewal Strategy" was "nearly complete" and was "positioning our portfolio to generate improved results over time."

105. Before the market opened on July 31, 2025, Everest held an earnings call to discuss its second quarter results (the "Q2 2025 Call"). During the call, Defendants stated that Everest had declined to renew 47% of the casualty premiums presented for renewal during the quarter, causing casualty premiums to decrease by 27%. Defendants further represented that Everest's remediation was nearly complete, that 86% of its retail casualty gross written premiums came from

its best performing classes, and that the quality of its casualty portfolio had already improved. Defendant Williamson stated:

> Our 1-Renewal Strategy in U.S. casualty has already improved the quality of the portfolio, which we believe will result in more consistent profitability over time.

106. Defendants also assured investors that Everest's casualty losses were developing as expected, that social inflation remained within the Company's assumptions, and that Everest was continuing to accumulate reserve margins. Defendant Kociancic stated:

> ***Our Q2 U.S. casualty loss development is consistent with our expectations, and social inflation dynamics persist at levels that are within our assumptions.*** While it is still early, we believe the conservatism we are applying to our loss picks in conjunction with our underwriting actions and improved portfolio quality is building risk margin in our portfolio. ***Overall, the reserve position of our Insurance division is adequate.***

107. Defendant Williamson likewise stated that Everest continued "to build risk margin in the current accident year" and that the Insurance segment remained ***"consistent with our booked position."*** Defendant Kociancic explained that Everest was maintaining elevated loss picks while portions of the older, unremediated casualty portfolio continued to earn into 2025 and stated that management would reduce those picks only when supported by the data.

108. Defendants also portrayed the remediation as comprehensive and nearly finished. Defendant Williamson stated that Everest had "developed action plans for each and every one of our casualty accounts" and that management's planned actions had been implemented with only a handful of exceptions. He described the remediation as having been executed "aggressively" and with "precision" and stated that Everest would "wrap up very shortly." These statements reinforced Defendants' representations that Everest had identified and addressed the problematic portions of its casualty portfolio and that the remaining remediation concerned prospective underwriting decisions.

109. On August 1, 2025, Everest filed its Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 (the "Q2 2025 Form 10-Q"). The Q2 2025 Form 10-Q repeated the financial results and reserve figures reported in the July 30, 2025 press release and stated:

> There can be no assurance that reserves for, and losses from, claim obligations will not increase in the future, possibly by a material amount. However, we believe that our existing reserves and reserving methodologies lessen the probability that any such increase would have a material adverse effect on our financial condition, results of operations or cash flows.

110. Defendants Williamson and Kociancic signed the Q2 2025 Form 10-Q on Everest's behalf and executed SOX certifications stating that they had reviewed the report, that it contained no material misstatement or omission, and that its financial information fairly presented Everest's financial condition and results in all material respects. They further certified that they were responsible for establishing and maintaining Everest's disclosure controls and internal control over financial reporting, had evaluated the effectiveness of the Company's disclosure controls, and had disclosed to Everest's auditors and Audit Committee any significant deficiencies, material weaknesses, or fraud involving employees with significant roles in those controls. The Q2 2025 Form 10-Q reported no material changes to the risk factors contained in the 2024 Form 10-K.

111. The statements in ¶¶ 95-110 were materially false and misleading when made because Defendants failed to disclose to investors that: (a) Everest remained materially exposed to and concentrated in casualty risks subject to escalating claim costs, including business Defendants claimed Everest had reduced or exited; (b) Everest had inadequately priced portions of that business; (c) Everest's reserves were insufficient, causing it to understate its liabilities and expenses and materially overstate its earnings; and (d) addressing these problems would require substantial reserve charges, protection against further adverse development, and reductions in Everest's casualty business, thereby sacrificing recurring premium revenue.

F. The Truth Is Further Revealed

112. The truth further emerged after the market closed on October 27, 2025, when Everest issued its third quarter 2025 earnings release, less than three months after Defendants last assured investors that the Insurance division's reserves were adequate. Everest disclosed an ***additional $478 million reserve charge,*** reflecting net unfavorable prior year reserve development principally from adverse development in its U.S. casualty business for accident years 2022 through 2024.

113. Everest also disclosed that it had purchased up to $1.2 billion of adverse development protection from Longtail Re on approximately $5.4 billion of North American Insurance and Other segment reserves for accident years 2024 and prior. The cover consisted of two layers totaling $1.2 billion. Everest retained a $100 million share of losses within each layer and paid an approximately $122 million cash premium for the second layer. Everest estimated that the transaction would reduce annual net investment income by approximately $60 million. Everest further announced that it would exit its global retail commercial insurance business and transfer to AIG the renewal rights for its U.S., U.K., European, and Asia Pacific retail commercial portfolios. The transferred portfolios represented approximately $2 billion in annual gross written premiums.

114. The next day, during the related earnings call, an analyst asked whether Everest's recent underwriting raised concerns about reserves for newer policies. To assuage those concerns, Defendant Williamson explained that, under Everest's "1-Renewal Strategy," the Company reviewed each casualty account and either returned it to target profitability at renewal or exited the account. He stated that Everest had "ramped up" that process in July 2024 and had substantially completed the account-by-account review by July 2025. Defendant Williamson also assured investors that the remaining portfolio had been booked at "very, very prudent loss picks" and

would "perform extremely well." In doing so, however, Defendant Williamson stated that, of the U.S. casualty development observed in 2025 that led Everest to further strengthen its back book reserves, ***"80% of that development in U.S. casualty" "came from policies that were eliminated from our portfolio during the course of the remediation."*** Thus, most of the U.S. casualty adverse development observed in 2025 arose from policies Everest had identified and eliminated through its remediation. That process gave management contemporaneous information about the claims and loss experience driving the adverse development. Yet, throughout 2025, and as late as July 31, 2025, Defendants assured investors that reserves were adequate without disclosing the mounting risk of further material reserve strengthening.

115. Investors had been told in January 2025 that the $1.7 billion reserve charge would ***"firmly put this issue behind us."*** The additional $478 million reserve charge and Everest's decision to obtain up to $1.2 billion of protection against further adverse development showed that finality had not been achieved. Defendant Williamson nevertheless portrayed the October 2025 actions as providing finality. He stated that the $1.2 billion adverse development cover was intended to ***"put the issues of our historical casualty reserve challenges behind us"*** and create ***"finality around those issues"*** so investors would not ***"have to worry about it anymore."*** The charge, adverse development cover, and exit from a business generating approximately $2 billion in annual premiums revealed that Everest's prior reserves had not adequately accounted for its casualty exposure and that the $1.7 billion reserve charge in January 2025 and remediation measures had not resolved the underlying problems.

116. Analysts recognized that the disclosures renewed concerns about Everest's reserves and undermined management's credibility. Evercore concluded that Everest would need ***"enhanced disclosure"*** and ***"limited noise going forward to get investors comfortable,"*** while

Jefferies described the announcement as ***"another quarter of reserve charges and strategic actions to reshape the business"*** and warned that ***"management credibility will take time to rebuild."***

117. In response to these disclosures, Everest's stock price ***declined $39.07 per share, or 11.4%,*** from $343.98 on October 27 to $304.91 on October 28, 2025.

V. POST-CLASS PERIOD EVENTS

118. On November 20, 2025, less than one month after the Class Period ended, Everest announced that CFO Mark Kociancic would retire following the first quarter 2026 reporting cycle and that Elias Habayeb would succeed him on or about May 1, 2026. After assuming the CFO role, Habayeb emphasized that Everest would proactively respond to emerging casualty loss data through its quarterly reserve reviews without awaiting completion of its annual reserve studies, reflecting heightened attention to the timely recognition of reserve developments.

VI. ADDITIONAL SCIENTER ALLEGATIONS

119. During the Class Period, as alleged herein, the Individual Defendants acted with scienter in that the Individual Defendants knew or were reckless as to whether the public documents and statements issued or disseminated in the name of the Company during the Class Period were materially false and misleading; knew or were reckless as to whether such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws.

120. The Individual Defendants permitted Everest to release these false and misleading statements and failed to file the necessary corrective disclosures, which artificially inflated the value of the Company's common stock.

121. As set forth herein, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Everest, their control over, receipt, and/or modification of Everest's allegedly materially misleading statements and omissions, and/or their positions with the Company that made them privy to confidential information concerning Everest, participated in the fraudulent scheme alleged herein.

122. The Individual Defendants are liable as participants in a fraudulent scheme and course of conduct that operated as a fraud or deceit on purchasers of Everest common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme deceived the investing public regarding Everest's business, operations, and management and the intrinsic value of Everest common stock and caused Plaintiffs and members of the Class to purchase Everest's common stock at artificially inflated prices.

VII. LOSS CAUSATION/ECONOMIC LOSS

123. During the Class Period, as detailed herein, Everest and the Individual Defendants made false and misleading statements and engaged in a scheme to deceive the market and a course of conduct that artificially inflated the prices of Everest's common stock, and operated as a fraud or deceit on Class Period purchasers of Everest's common stock by misrepresenting the adequacy of Everest's casualty reserves, the discipline of its underwriting practices, and the Company's exposure to social inflation and related reserve risks. Later, when Defendants' prior misrepresentations and fraudulent conduct were disclosed to the market, the price of Everest's common stock fell precipitously, as the prior artificial inflation came out of the price. As a result of their purchases of Everest's common stock during the Class Period, Plaintiffs and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

VIII. APPLICABILITY OF PRESUMPTION OF RELIANCE: FRAUD ON THE MARKET

124. To the extent that the Defendants concealed or improperly failed to disclose material facts with regard to the Company, Plaintiffs are entitled to a presumption of reliance in accordance with *Affiliated Ute Citizens v. United States*, 406 U.S. 128, 153 (1972).

125. Further, Plaintiffs will rely upon the presumption of reliance established by the fraud-on-the-market doctrine in that, among other things:

(a) Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

(b) the omissions and misrepresentations were material;

(c) the Company's common stock traded in an efficient market;

(d) the misrepresentations alleged would tend to induce a reasonable investor to misjudge the value of the Company's common stock; and

(e) Plaintiffs and other members of the Class purchased Everest's common stock between the time Defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

126. At all relevant times, the market for Everest common stock was efficient for the following reasons, among others:

(a) as a regulated issuer, Everest filed periodic public reports with the SEC;

(b) Everest regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts, and other similar reporting services;

(c) Everest was followed by several securities analysts employed by major brokerage firm(s) who wrote reports that were distributed to the sales force and certain customers of their respective brokerage firm(s) and that were publicly available and entered the public marketplace; and

(d) Everest common stock was actively traded on the NYSE.

127. As a result of the foregoing, the market for Everest's common stock promptly digested current information regarding Everest from all publicly available sources and reflected such information in Everest's stock price. Under these circumstances, all purchasers of Everest's common stock during the Class Period suffered similar injury through their purchase at artificially inflated prices and the presumption of reliance applies.

IX. NO SAFE HARBOR

128. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward-looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Everest who knew that the statement was false when made.

X. PLAINTIFFS' CLASS ACTION ALLEGATIONS

129. Plaintiffs bring this action as a class action pursuant to Federal Rule of Civil Procedure 23 on behalf of a Class consisting of all persons or entities other than Defendants that purchased or otherwise acquired Everest common stock during the Class Period, and who were damaged thereby. Excluded from the Class are Defendants, the officers and directors of the Company, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

130. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiffs at this time and can be ascertained only through appropriate discovery, Plaintiffs believe that there are hundreds, if not thousands, of members in the proposed Class.

131. Plaintiffs' claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

132. Plaintiffs will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation. Plaintiffs have no interests antagonistic to or in conflict with those of the Class.

133. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the Exchange Act was violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business and financial

condition of the Company;

- whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- whether the Defendants caused the Company to issue false and misleading filings during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false filings;
- whether the prices of Everest common stock during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

134. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

COUNT I

For Violations of Section 10(b) and Rule 10b-5 Promulgated Thereunder Against All Defendants

135. Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

136. This Count is asserted against Defendants based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

137. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to

disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

138. Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon Plaintiffs and others similarly situated in connection with their purchases of the Company's common stock during the Class Period.

139. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These Defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

140. Individual Defendants, who are or were senior executives and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiffs and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other Everest personnel to members of the investing public, including Plaintiffs and the Class.

141. As a result of the foregoing, the market price of Everest common stock was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiffs and the other members of the Class relied on the statements described above and/or the integrity of the market price of Everest common stock during the Class Period in purchasing Everest common stock at prices that were artificially inflated as a result of Defendants' false and misleading statements.

142. Had Plaintiffs and the other members of the Class been aware that the market price of Everest common stock had been artificially and falsely inflated by Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased Company common stock at the artificially inflated prices that they did, or at all.

143. As a result of the wrongful conduct alleged herein, Plaintiffs and other members of the Class have suffered damages in an amount to be established at trial.

144. By reason of the foregoing, Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder and are liable to the Plaintiffs and the other members of the Class for substantial damages which they suffered in connection with their purchase of Everest common stock during the Class Period.

COUNT II

For Violations of Section 20(a) of the Exchange Act Against the Individual Defendants

145. Plaintiffs repeat and reallege the allegations contained in ¶¶ 1-134 as if fully set forth herein.

146. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of the Company's business affairs. Because of their senior positions, they knew the

adverse non-public information regarding the inadequacy of Everest's casualty reserves, the risks arising from the Company's underwriting choices, and the developing claims experience that was creating material reserve deficiencies.

147. As officers of a public business, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to the Company's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

148. Because of their positions of control and authority as senior executives and/or directors, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the marketplace during the Class Period concerning the Company's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants, therefore, were "controlling persons" of the Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of the Company's common stock.

149. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs, on behalf of themselves and the Class, pray for judgment and relief as follows:

(a) declaring this action to be a proper class action, designating Plaintiffs as Lead Plaintiffs and certifying Plaintiffs as class representatives under Rule 23 of the Federal Rules of Civil Procedure and designating Plaintiffs' counsel as Lead Counsel;

(b) awarding damages in favor of Plaintiffs and the other Class members against all Defendants, jointly and severally, together with interest thereon;

(c) awarding Plaintiffs and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) awarding Plaintiffs and other members of the Class such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiffs hereby demand a trial by jury.