



# AMERISAFE INVESTOR PRESENTATION

Fourth Quarter 2022

**Andy Omiridis**  
Chief Financial Officer

*THE PREMIER WORKERS' COMPENSATION SPECIALIST*



# FORWARD LOOKING STATEMENTS

Statements made in this press release that are not historical facts, including statements accompanied by words such as “will,” “believe,” “anticipate,” “expect,” “estimate,” or similar words are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding AMERISAFE’s plans and performance. These statements are based on management’s estimates, assumptions and projections as of the date of this release and are not guarantees of future performance and include statements regarding management’s views and expectations of the workers’ compensation market, the Company’s growth opportunities, underwriting margins and actions by competitors. Actual results may differ materially from the results expressed or implied in these statements if the underlying assumptions prove to be incorrect or as the results of risks, uncertainties and other factors, including the impact of a pandemic on the business and operations of the Company and our policyholders and the market value of our investment portfolio. Additional factors that may affect our results are set forth in the Company’s filings with the Securities and Exchange Commission, including AMERISAFE’s Annual Report on Form 10-K. AMERISAFE cautions you not to place undue reliance on the forward-looking statements contained in this release. AMERISAFE does not undertake any obligation to publicly update or revise any forward-looking statements to reflect future events, information or circumstances that arise after the date of this release.

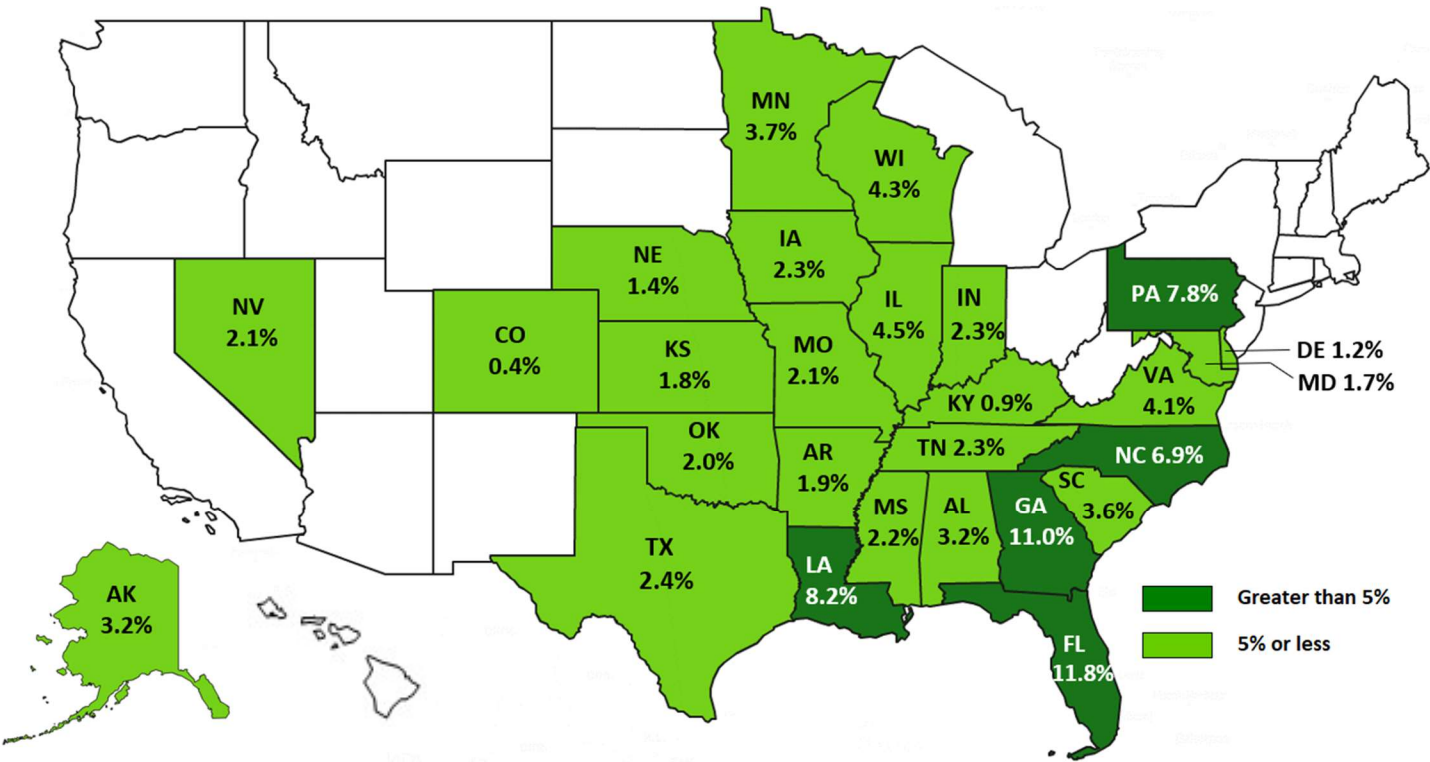
# OVERVIEW

**AMERISAFE** has a 37-year operating history as a specialty provider of workers’ compensation insurance for small to mid-sized employers engaged in high hazard industries.

## Company Highlights

Ticker / Exchange	AMSF / Nasdaq
Headquarters	DeRidder, LA
Stock Price	\$52.38
Annual Dividend / Yield	\$1.36 / 2.6%
Market Cap	\$1.0 B
Average Combined Ratio / ROE*	85.9% / 15.5%
Annual Net Premiums Earned (TTM)	\$272 M
Employees – 2022	366
Annual Shareholder Total Return*	14.5%

## 2022 Premium Distribution by State



AMERISAFE actively markets insurance in 27 states



# AMERISAFE®

## PILLARS OF DISTINCTION



### HIGH HAZARD NICHE FOCUS

- Rate more than 3x national average
- Difficult to serve industry sub-segments
- Mobile workforce-non-fixed workplace environment
- Less impacted by soft market cycles

### SMALL TO MID- SIZE EMPLOYER FOCUS

- Less competition
- Less price sensitivity
- More difficult to serve
- Higher client retention
- Requires expense management/operational efficiency

### HIGH HAZARD UNDERWRITING EXPERTISE

- Industry-specific risk analysis tools
- Underwriters' knowledge of industry practices
- No MGA's / MGU's
- Track record of pricing discipline
- Underwriter bonus tied directly to underwriting profitability

### COMPREHENSIVE SAFETY SERVICES

- Field Safety Professionals (FSPs) maintain in-depth knowledge of high hazard industries
- Pre-quotation, worksite safety inspection performed on over 90% of new accounts
- FSPs geographically dispersed
- FSPs bonus tied directly to underwriting profitability

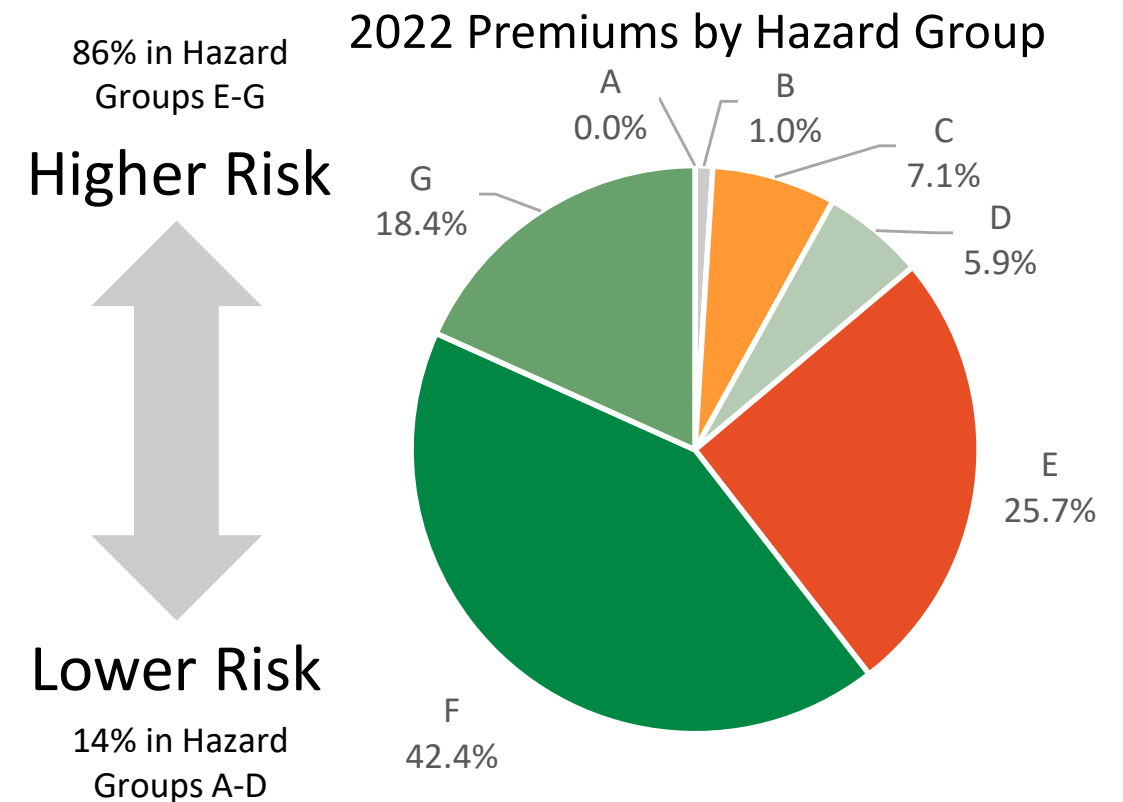
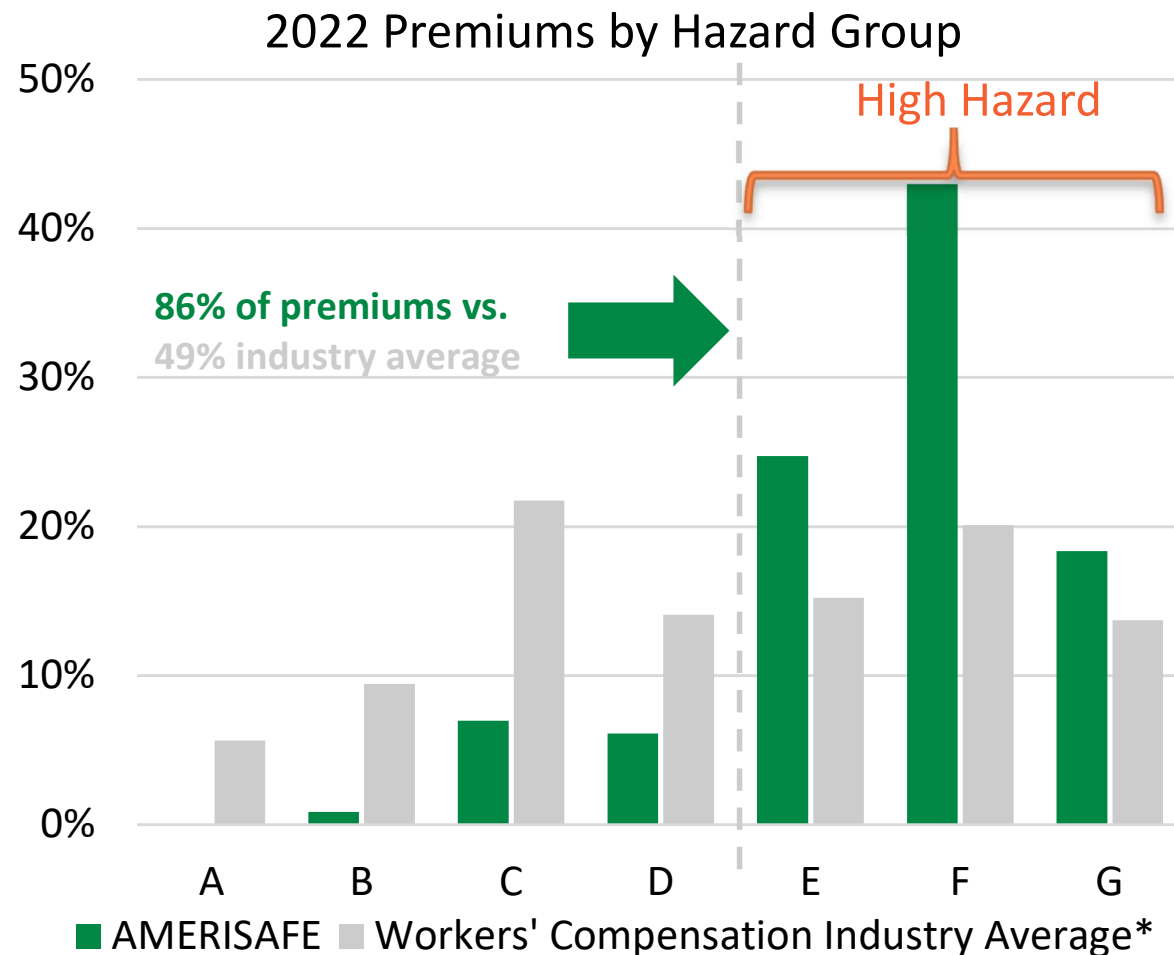
### INTENSIVE CLAIMS MANAGEMENT

- Field Case Managers (FCMs) located in service areas
- Low case load of less than 50 claims per FCM
- Higher severity losses require unique claims handling skills and processes
- FCMs focus on timely resolution of claims

# HIGH HAZARD NICHE

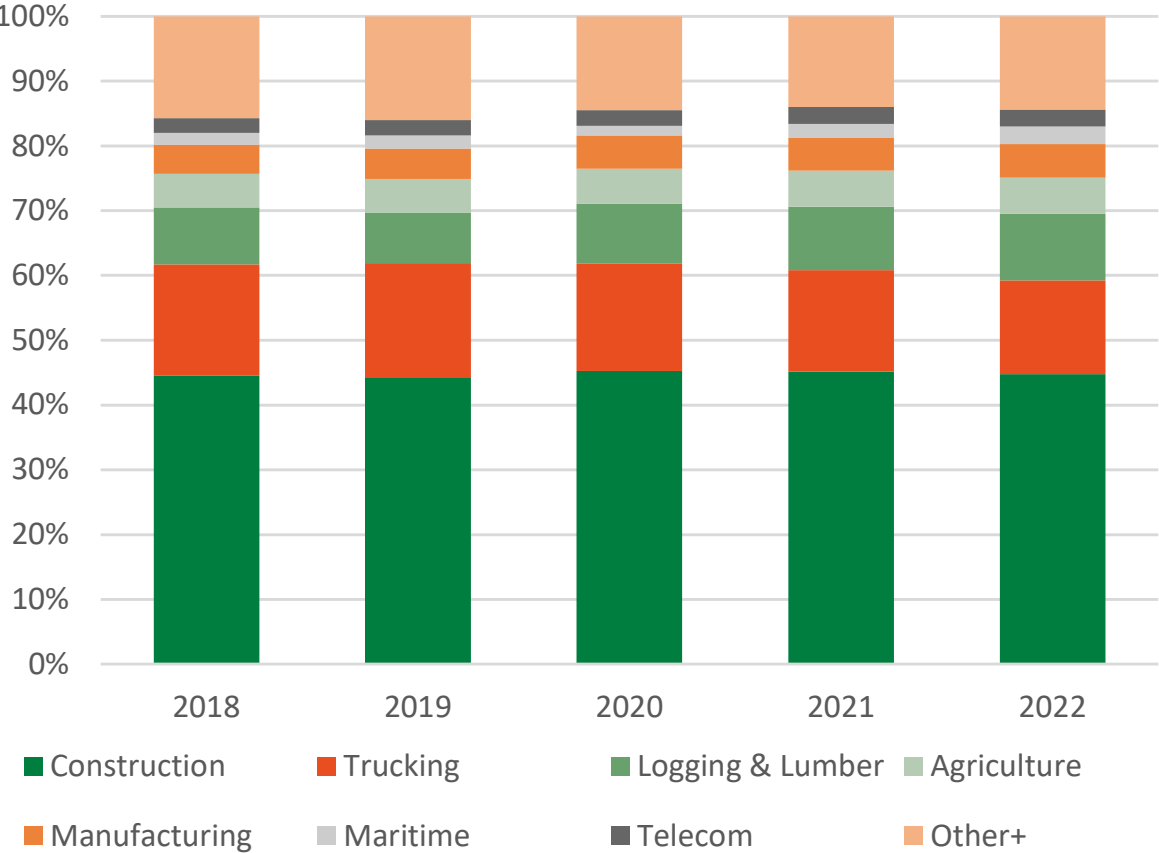
*“The difference between chance and risk is knowledge. The more you know, the less risk you take.”*

—Millard Morris, Founder



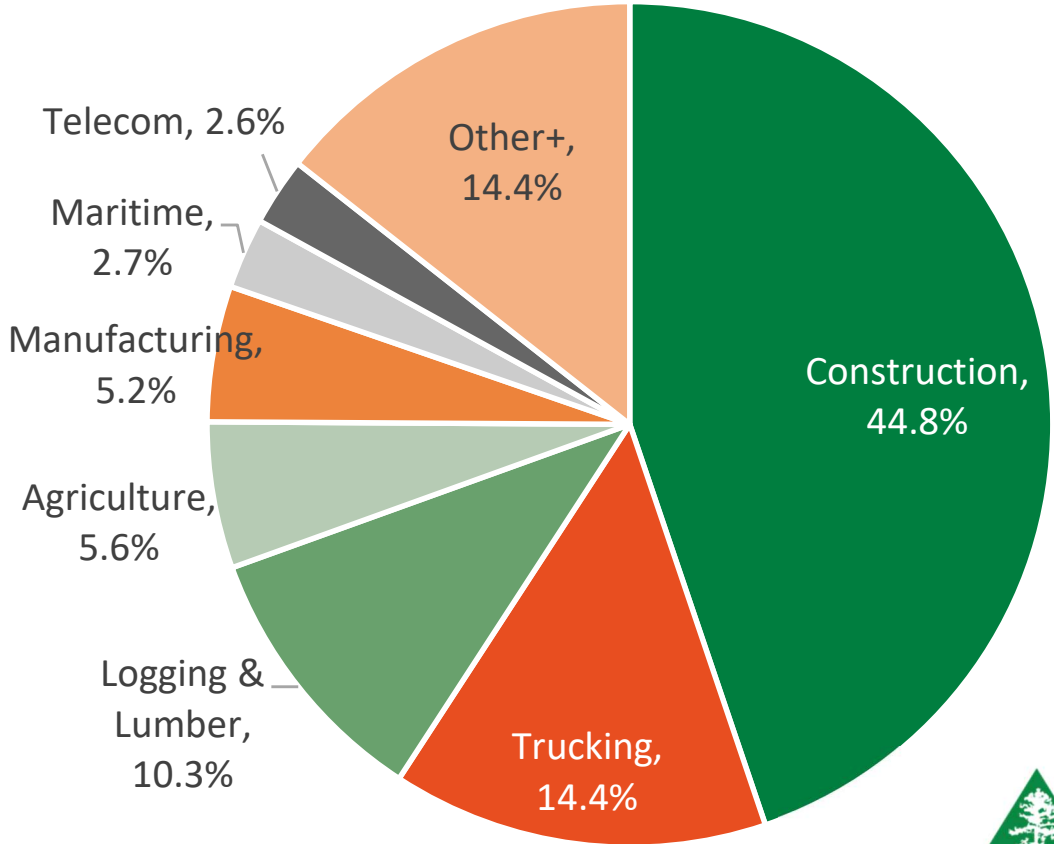
# PREMIUM DISTRIBUTION

Historical Premium Distribution of Major Industry Groups



Premium Distribution by Industry  
12/31/22

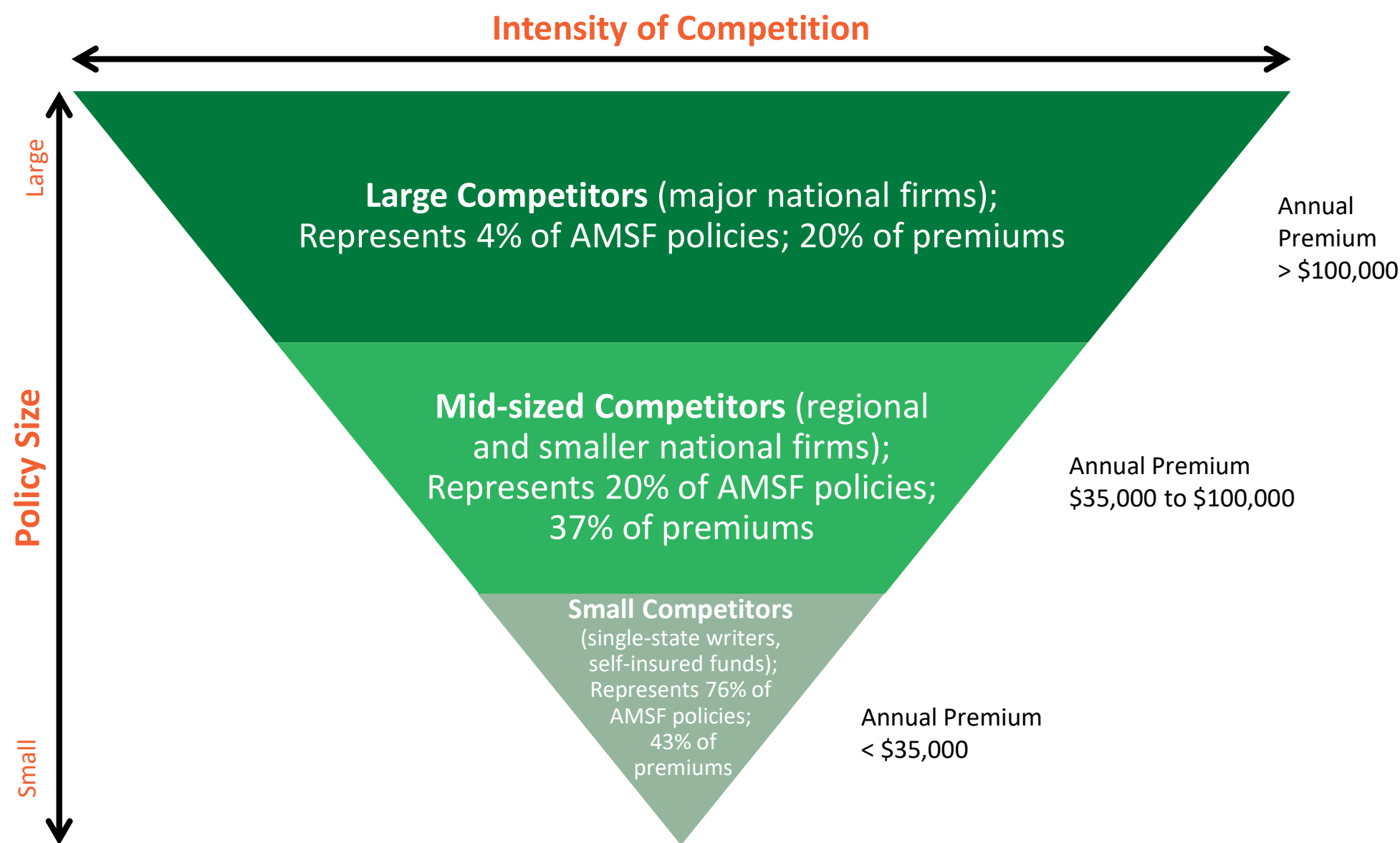
*\*Includes Assigned Risk & Assumed premiums*



\*Other includes a wide variety of high-hazard business including railroad construction, window washers, machinery dealers, and other businesses.

AMERISAFE  
CUSTOMER  
OVERVIEW

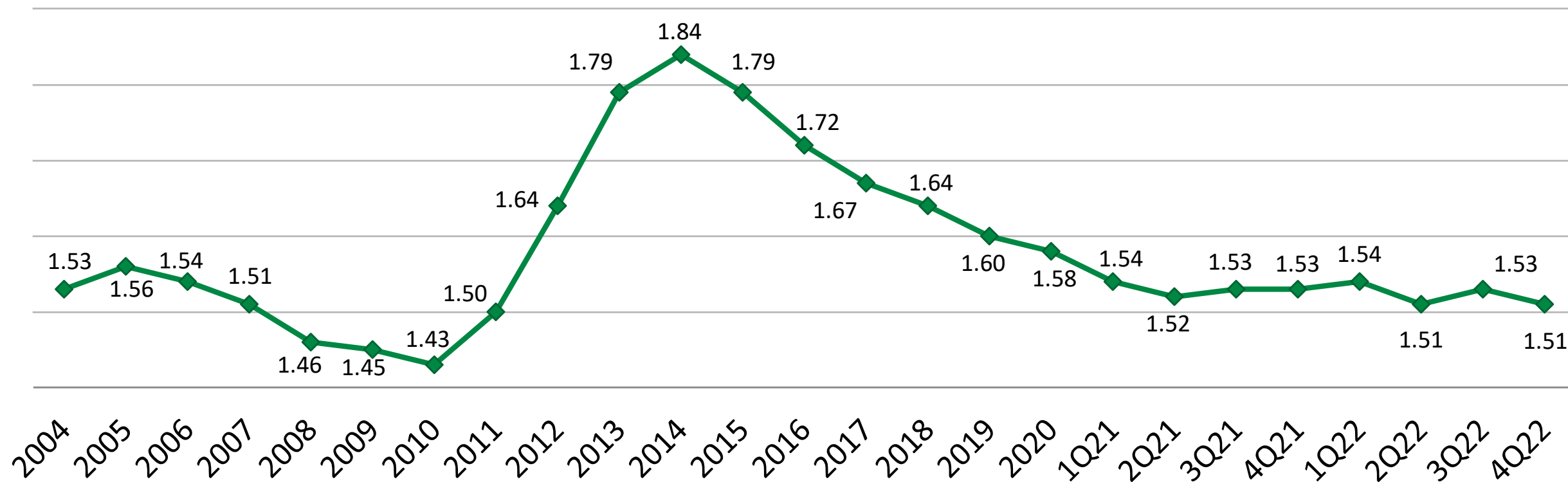
Competition is  
fragmented.



# PRICING FOR PROFITABILITY

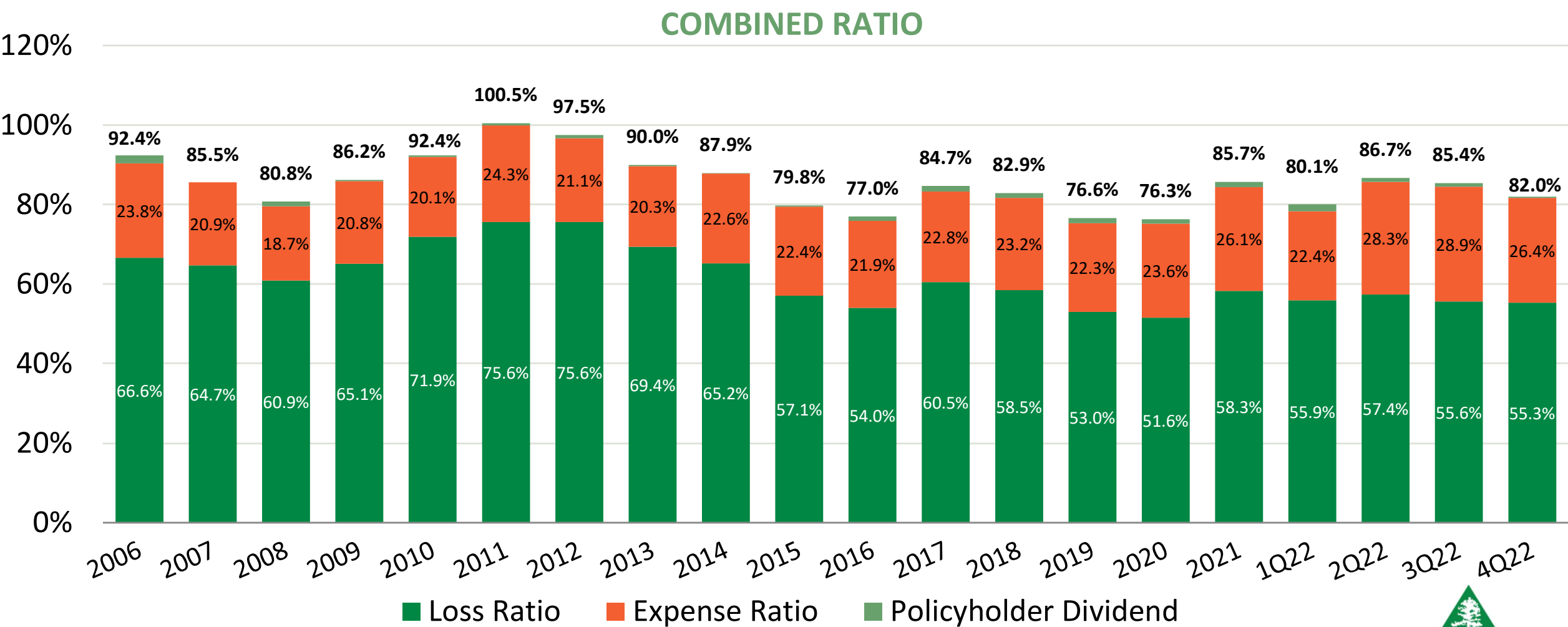
- **Loss costs** – estimated loss/\$100 payroll approved by state regulator
- **Loss Cost Multiplier (LCM)** – multiplier applied to loss costs to cover company expenses above loss costs
- **Effective Loss Cost Multiplier (ELCM)** – aggregate actual LCM, including the impact of discretionary pricing as permitted

## Policy Year ELCM



# UNDERWRITING EXPERTISE

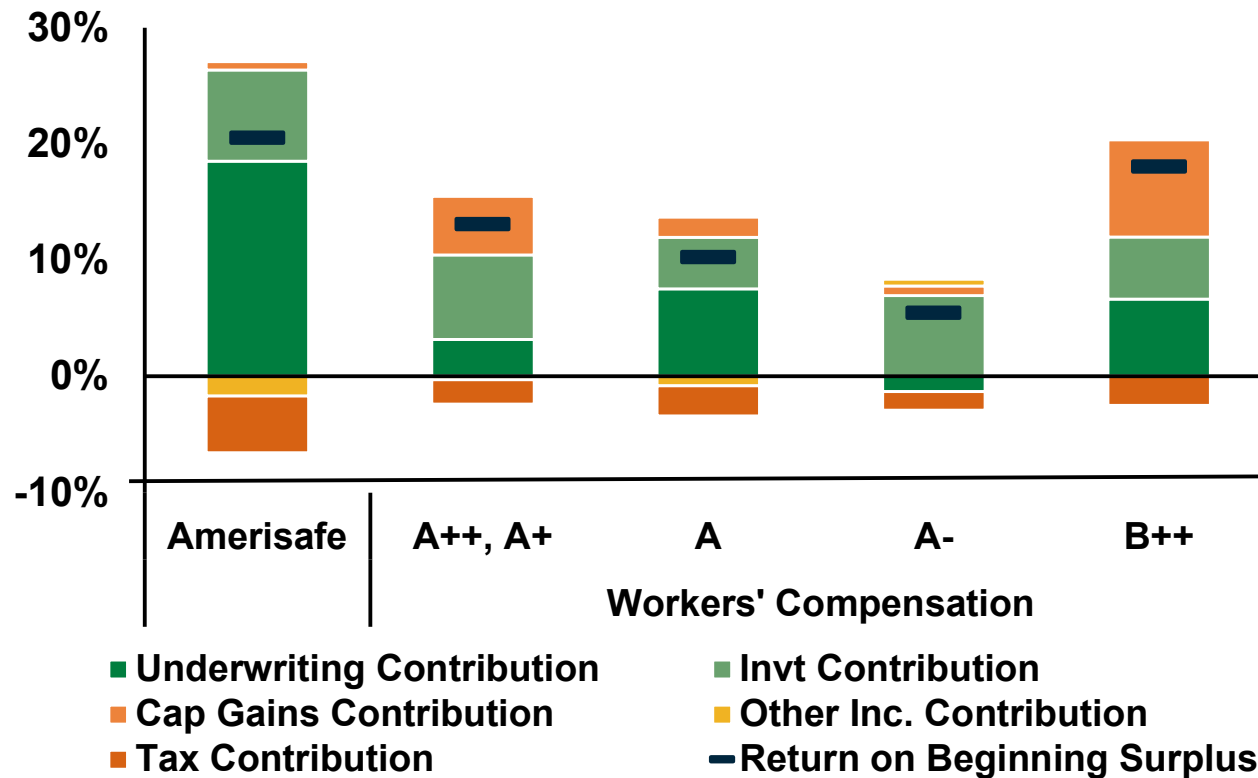
Consistently Profitable Underwriting: 85.9% Average Combined Ratio from 2006 – 2022



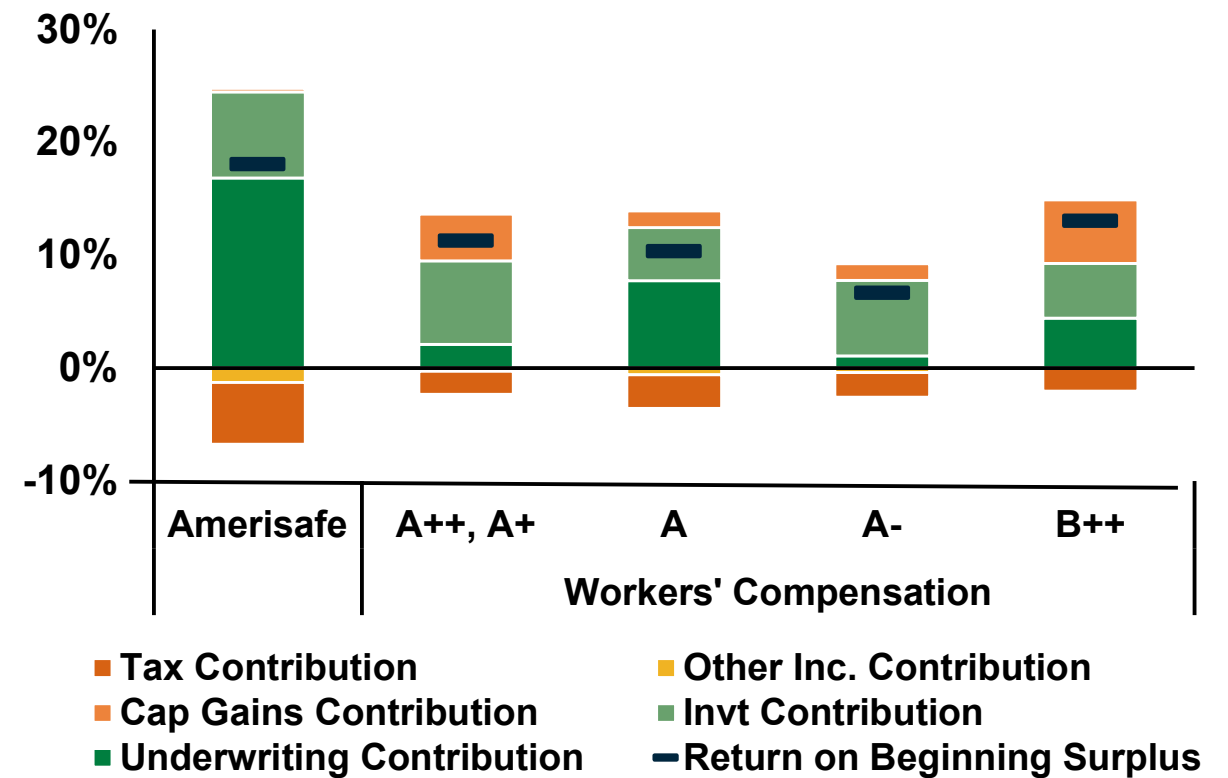
# CONTRIBUTIONS TO RETURNS

AMERISAFE's Return on Surplus (ROS) continues to significantly outperform the A.M. Best rated workers' compensation peer group, primarily due to favorable underwriting performance.

## 5 Yr ROS Contribution



## 10 Yr ROS Contribution



# HISTORY OF RESERVES

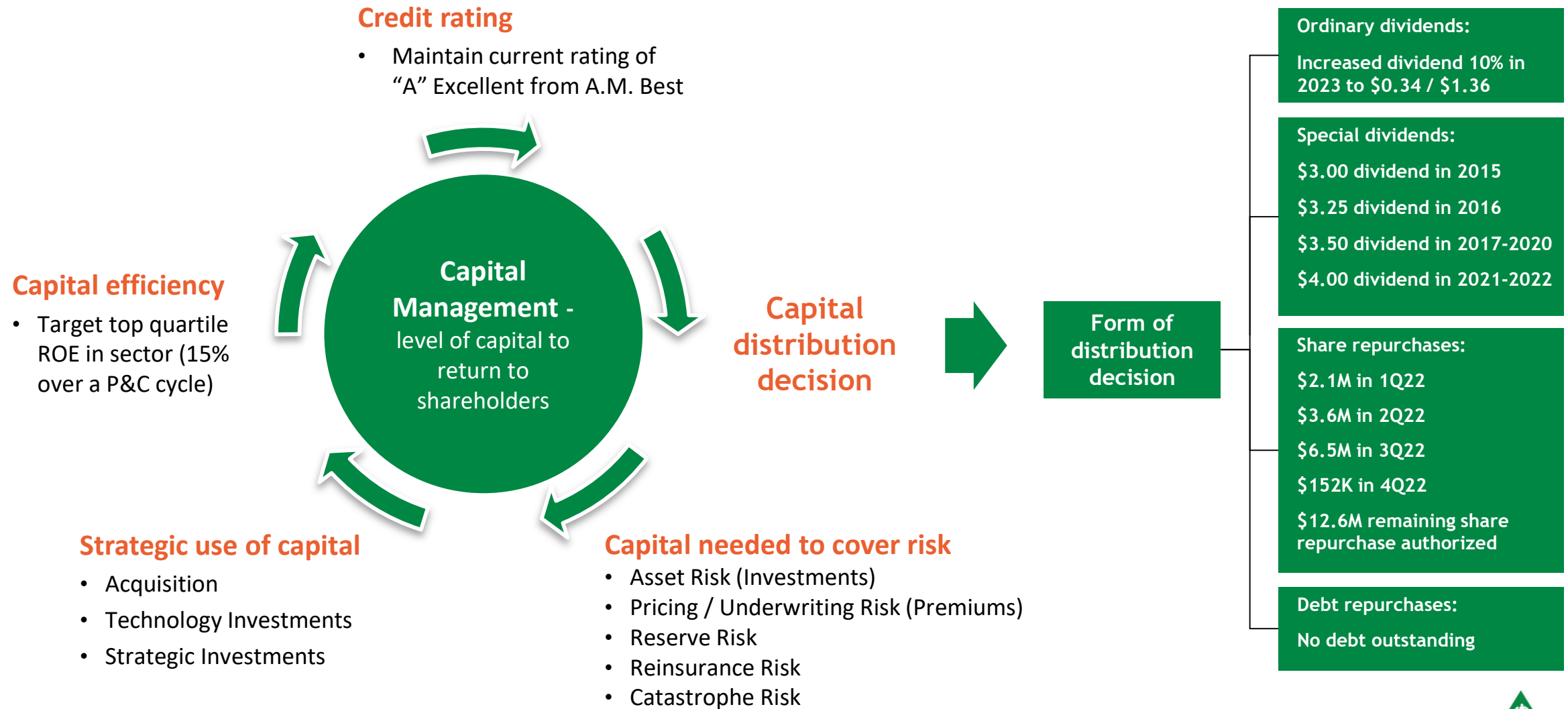
## Reserve Review Process

- Set initial case reserve at most probable outcome.
- Work to close and settle claims as soon as possible (closed claims don't develop unfavorably).
- Favorable reserve development for 17 consecutive years
- Over \$446 million in favorable reserve development the last 10 years (2013 – 2022).

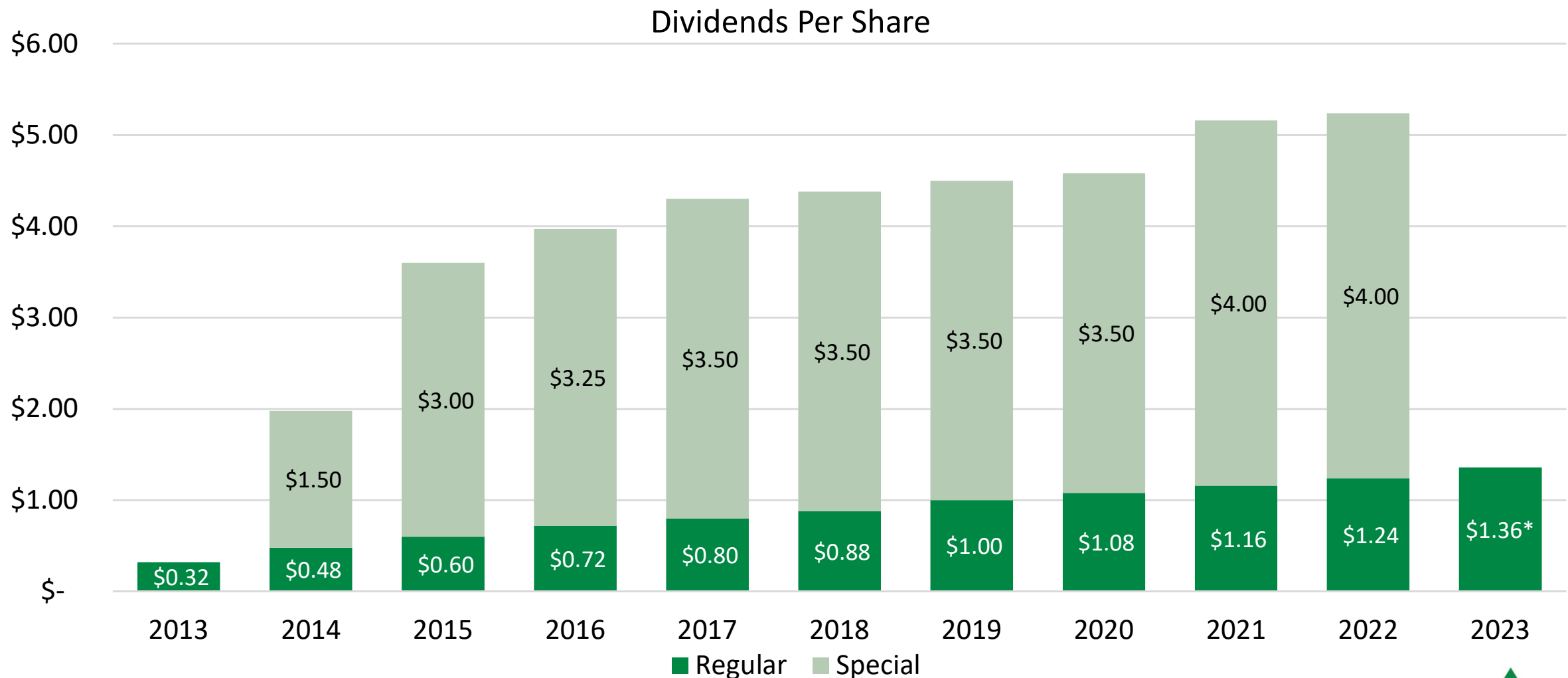
Favorable Reserve Development (\$ Millions)



# CAPITAL MANAGEMENT PROCESS

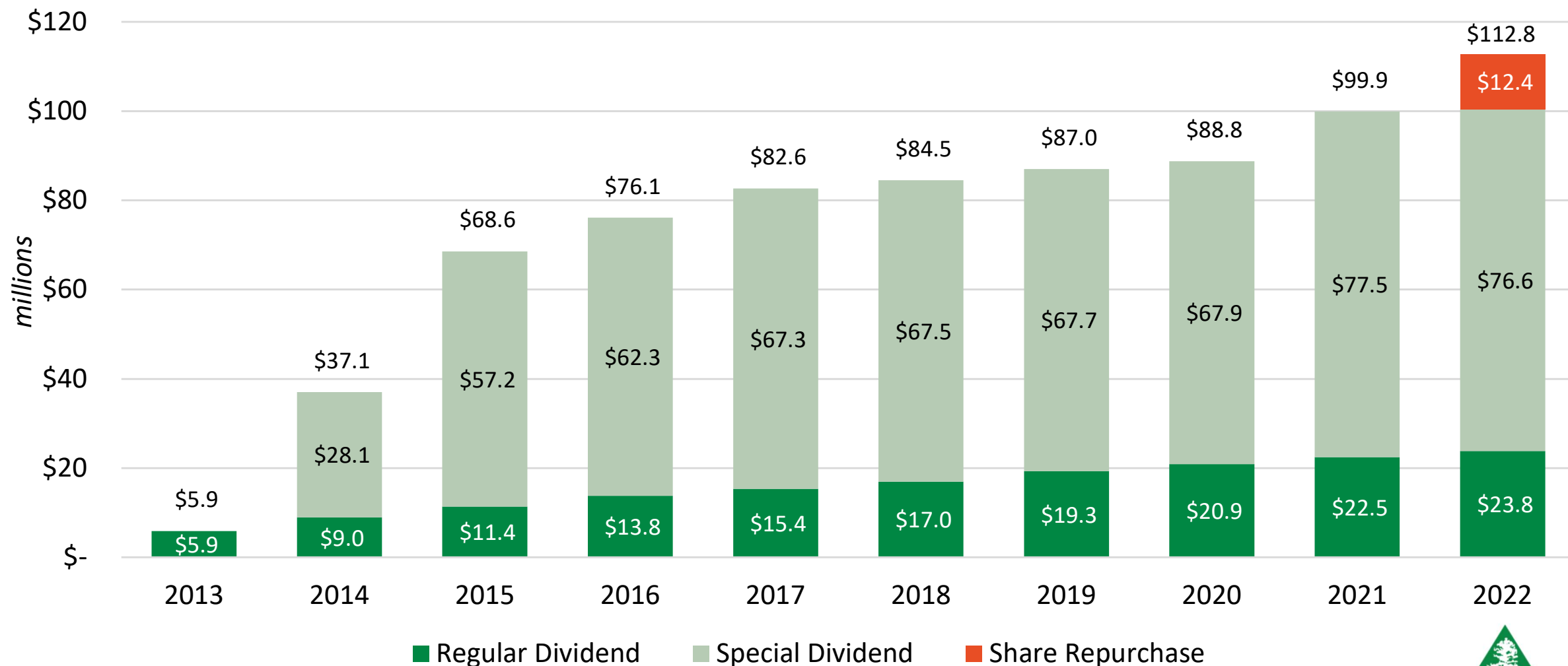


# CAPITAL MANAGEMENT

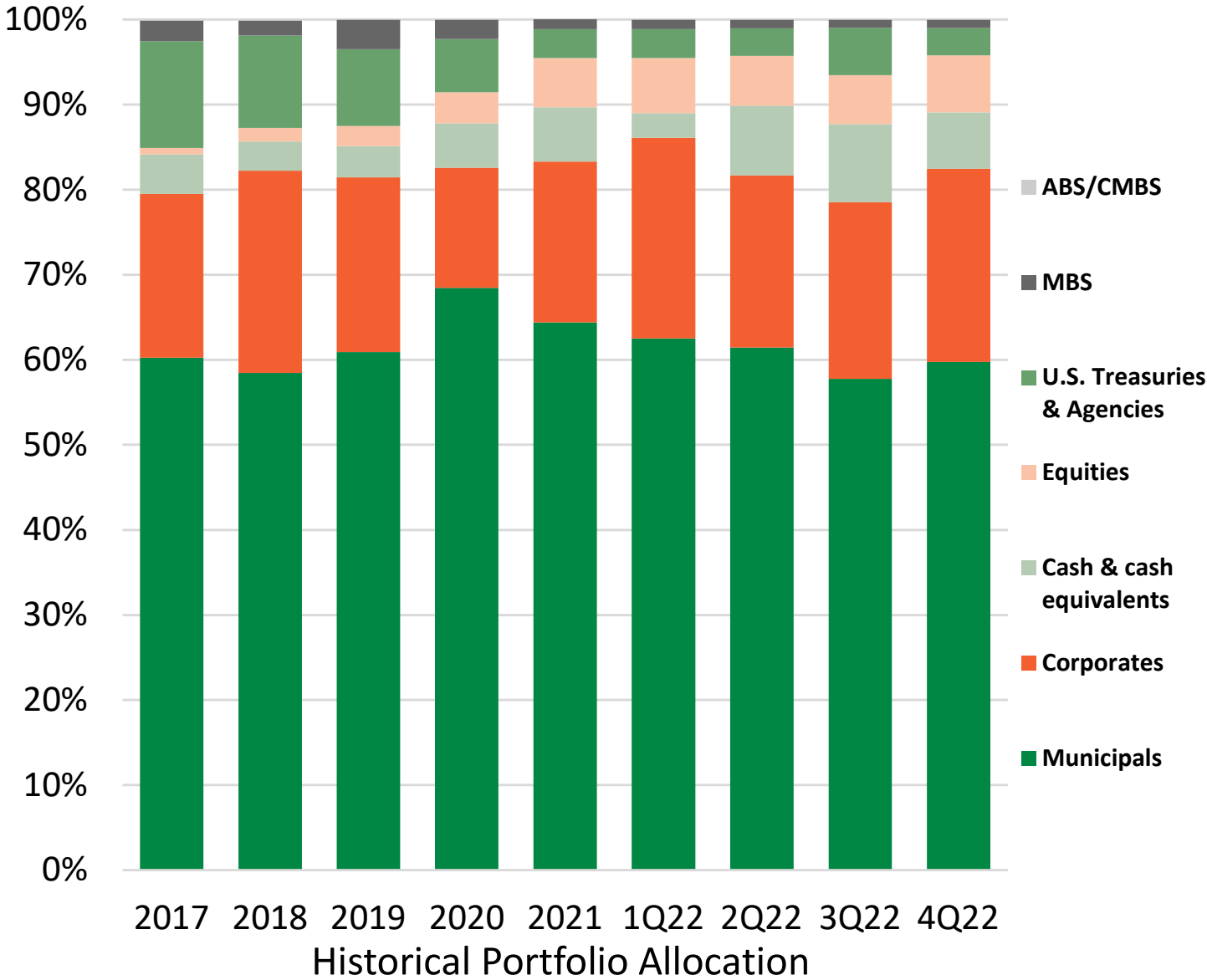


# CAPITAL MANAGEMENT

\$743 Million of Excess Capital Returned to Shareholders over 10 Years

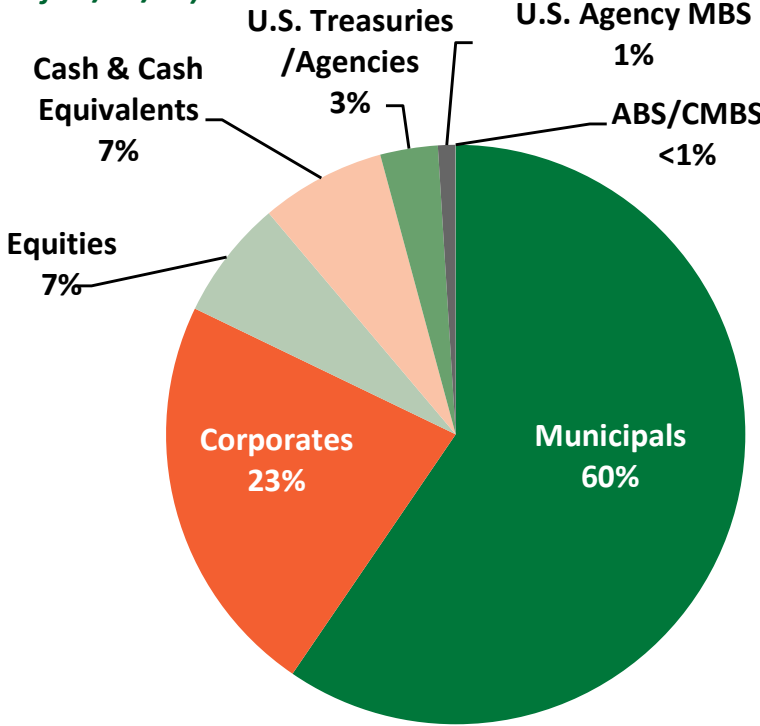


# INVESTMENT PORTFOLIO



## Portfolio Allocation

(as of 12/31/22)



- **Investment Portfolio:** AA- quality; \$1.0 billion; 4.18 duration; 3.38% tax equivalent book yield
- **Bonds:** AA- quality; 87% weight; 4.50 duration
- **Equities:** Largely ETFs; 7% weight; 2.58% dividend yield
- **Cash:** 7% weight; 4.13% yield

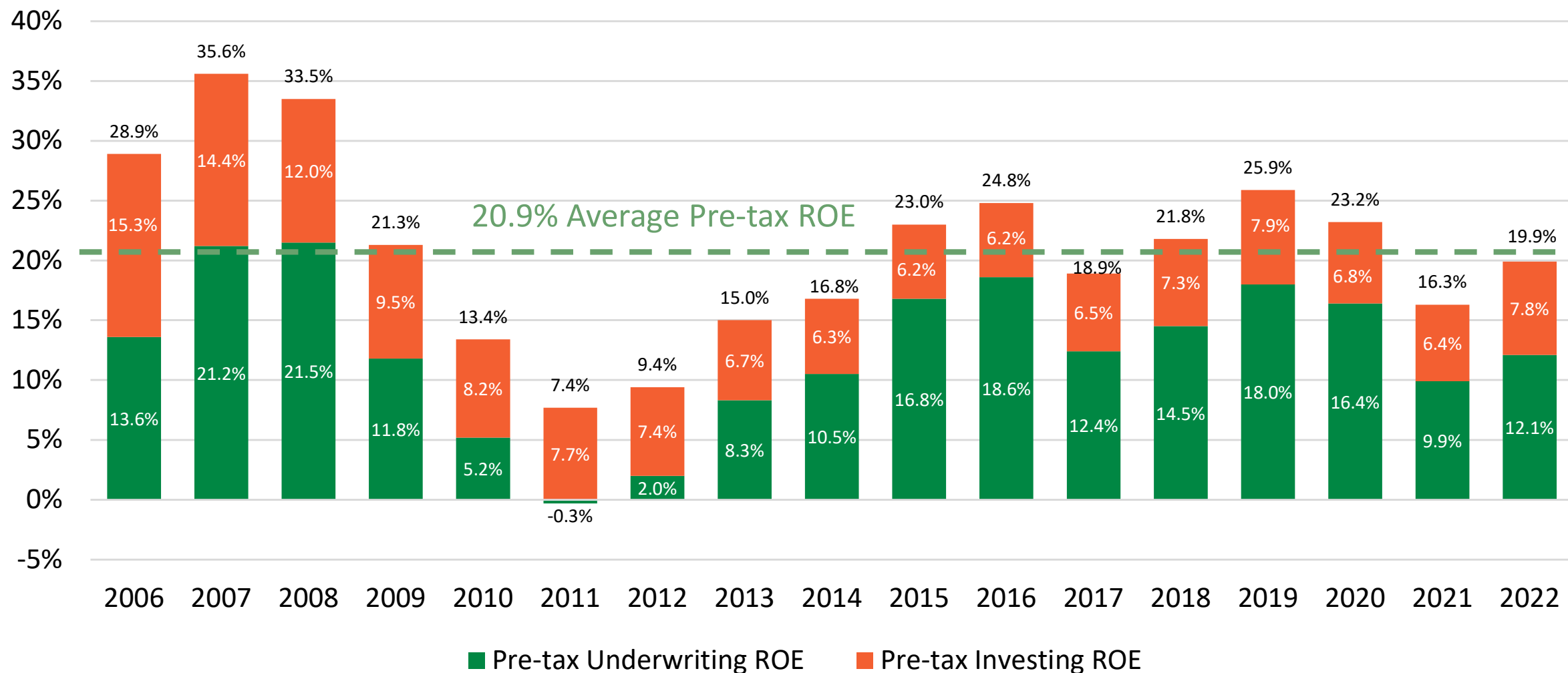
# ECONOMIC MODEL

## ROE DRIVERS

- Imperative to execute on the fundamentals of underwriting, safety and claims with overall investment book yield at low levels
- At current leverage ratios, a 1-point change in Loss Ratio equates to a 26-bps change in yield to maintain ROE

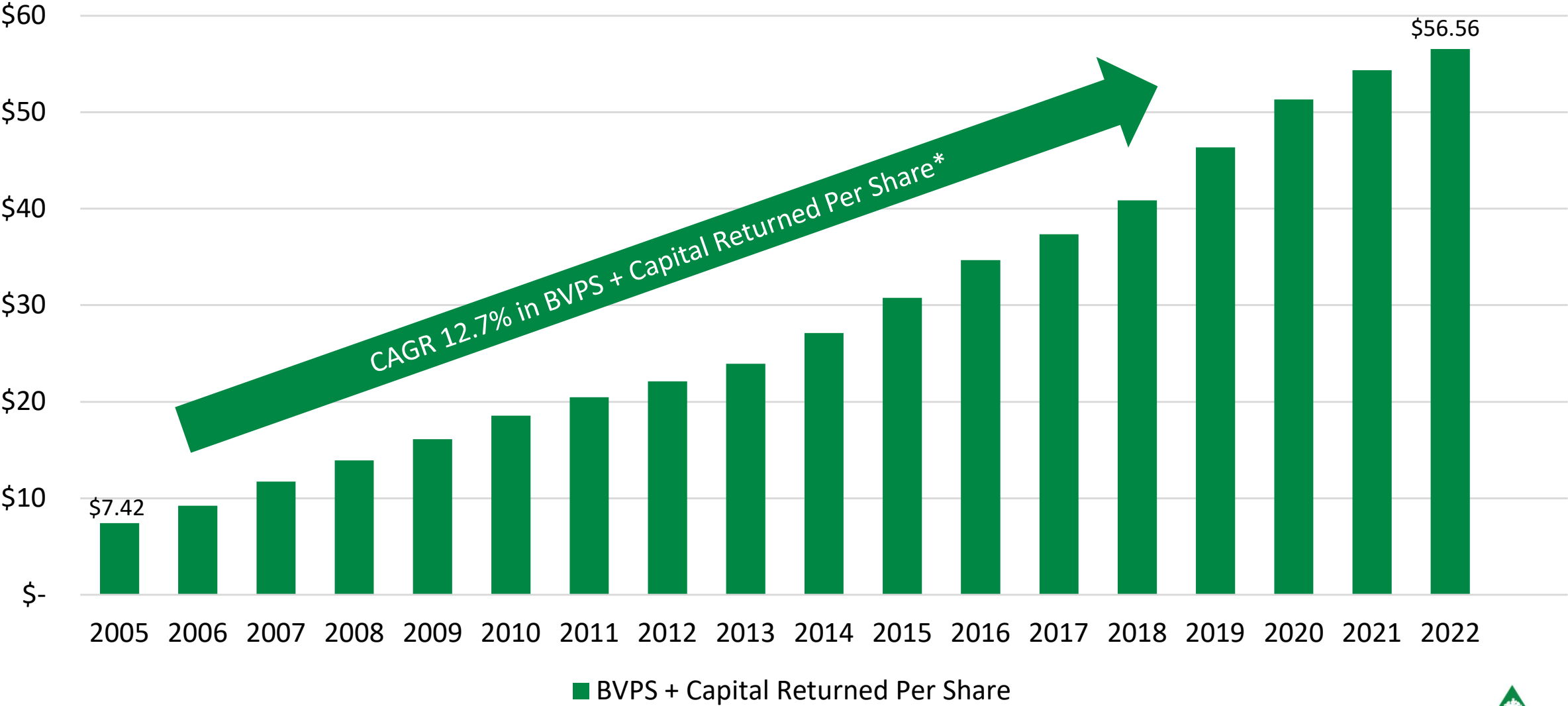
	2022
Loss Ratio	56.1%
+	
Expense Ratio	26.5%
+	
Policyholder Dividend Ratio	1.0%
=	
<b>Combined Ratio</b>	<b>83.6%</b>
Underwriting Profit	16.4%
x	
Underwriting Leverage	0.74
=	
<b>Pre-tax ROAE from Underwriting</b>	<b>12.1%</b>
Pre-tax Investment Yield	2.74%
x	
Investment Leverage	2.84
=	
<b>Pre-tax Operating ROAE from Investing</b>	<b>7.8%</b>
<b>Pre-tax Operating ROAE from Other Income (Expense)</b>	<b>0.1%</b>
<b>Pre-tax Operating ROAE</b>	<b>20.1%</b>
Effective Tax Rate	17.8%
<b>Operating ROAE</b>	<b>16.5%</b>

# RETURN ON EQUITY DRIVERS



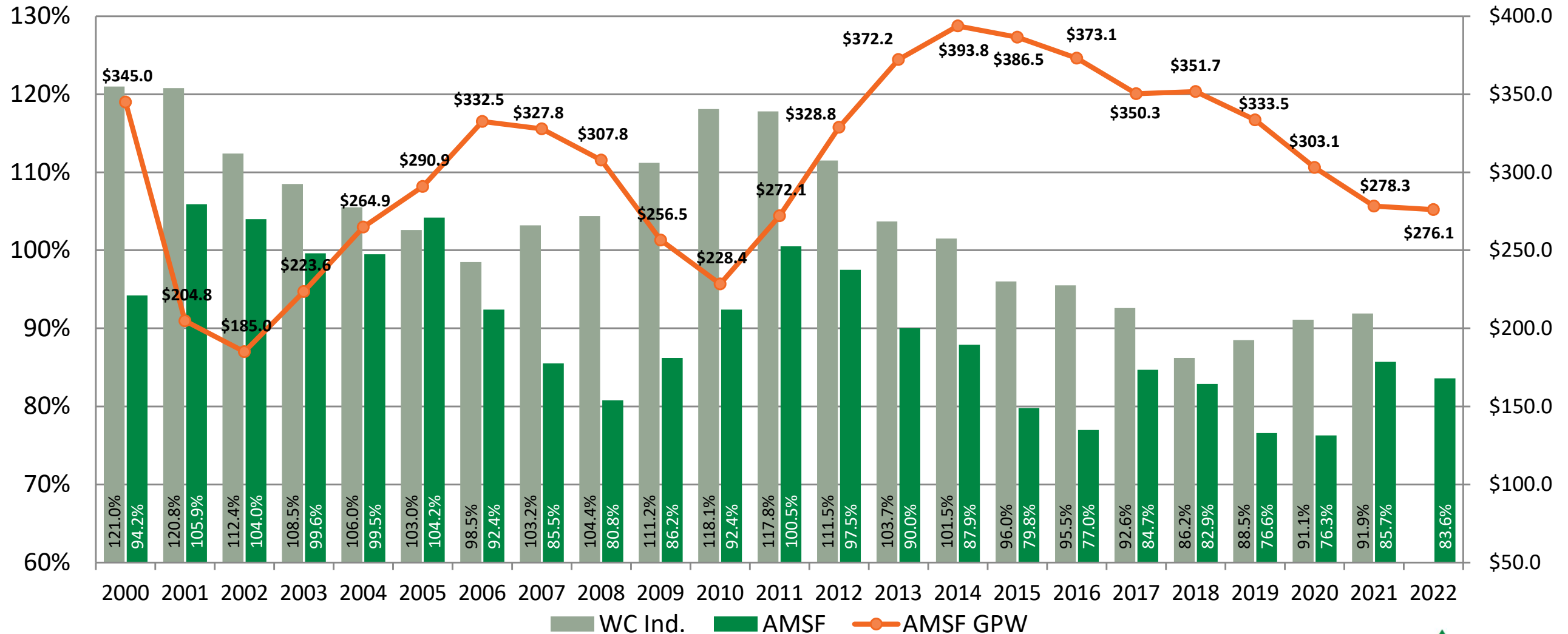
- 20.9% average total pre-tax underwriting and pre-tax investing ROE from 2006 – 2022
- 15.00% operating ROE goal over the course of an insurance cycle

# HISTORICAL FINANCIAL PERFORMANCE



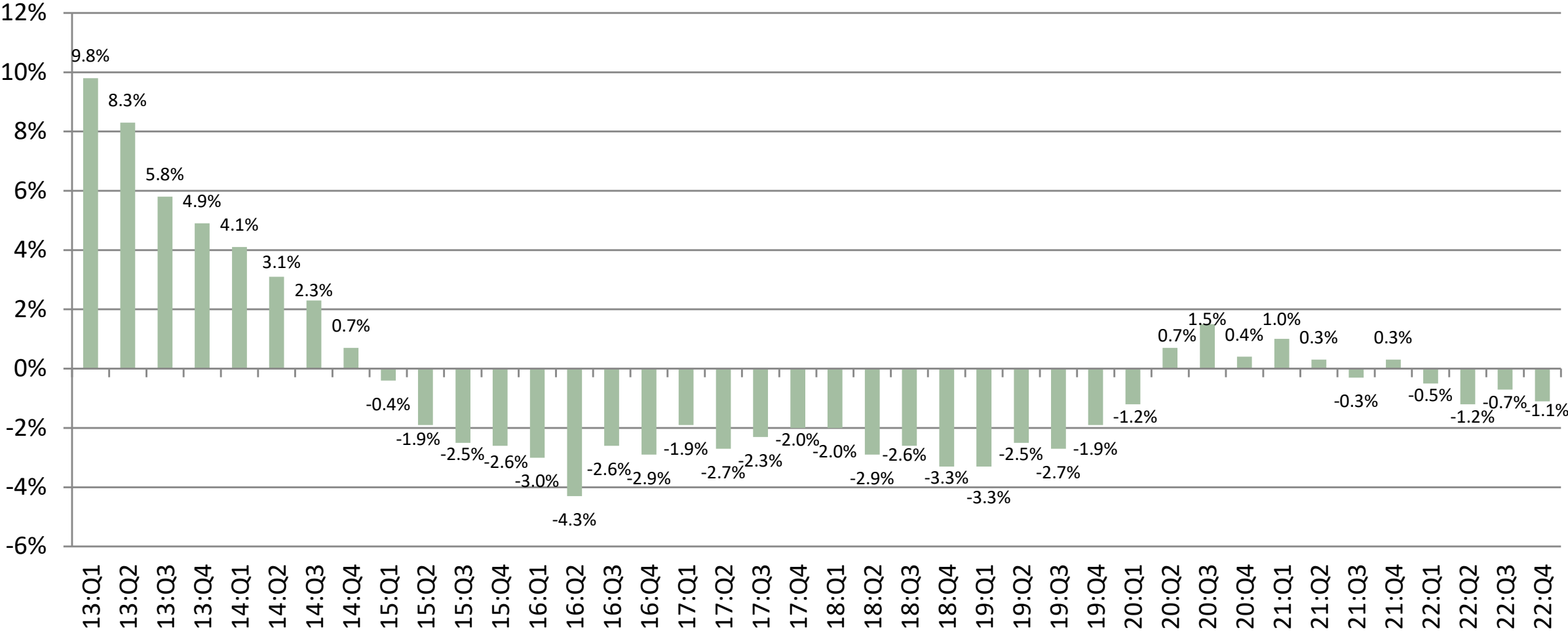
# **CURRENT WORKERS' COMPENSATION MARKET CONDITIONS**

# WC INDUSTRY COMBINED RATIO

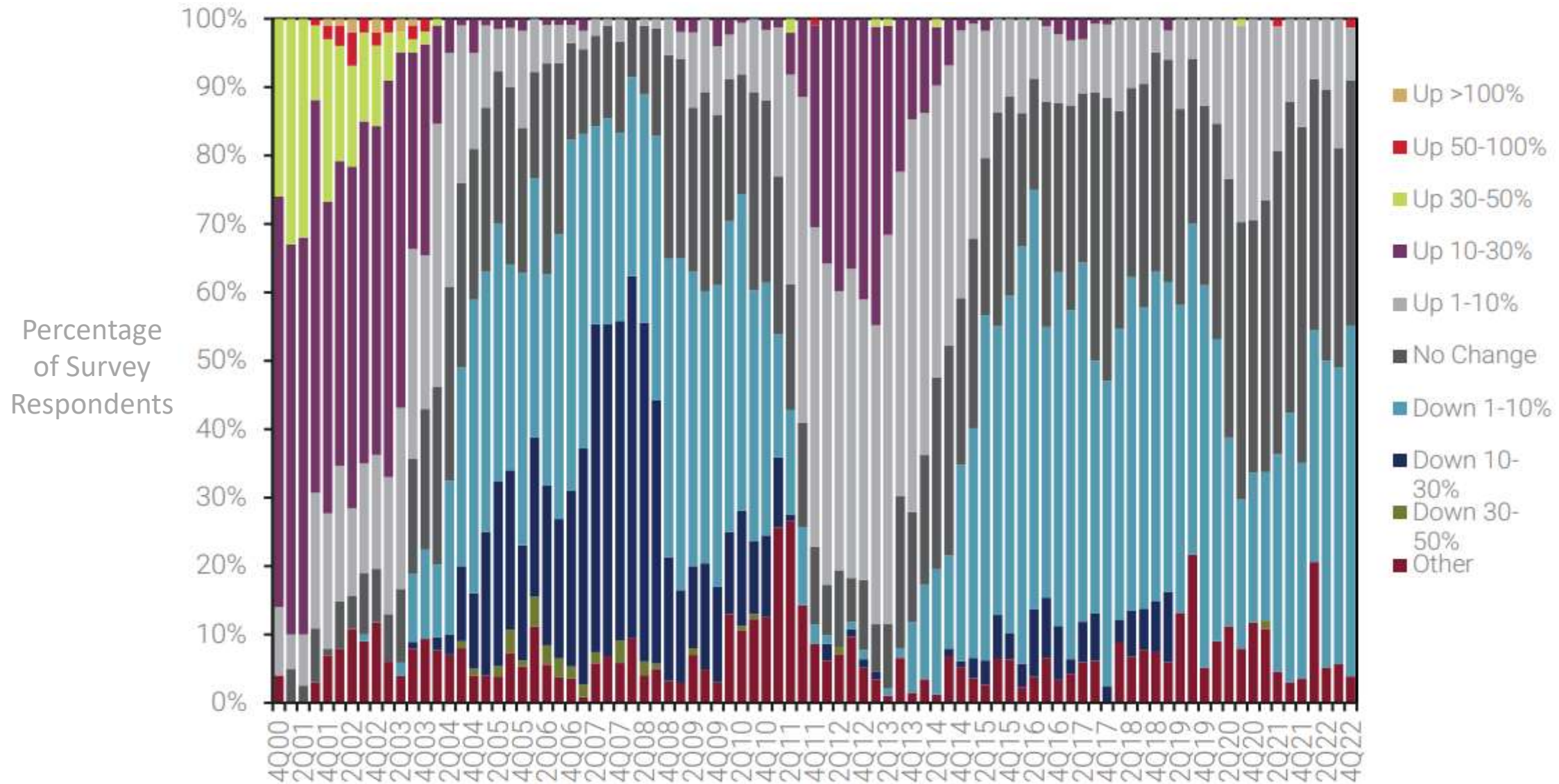


- AMSF Average Outperformance 13.6 pts., Since 2000
- AMSF Average Outperformance 12.0 pts., in last 10 years

# WORKERS' COMP RATE CHANGES

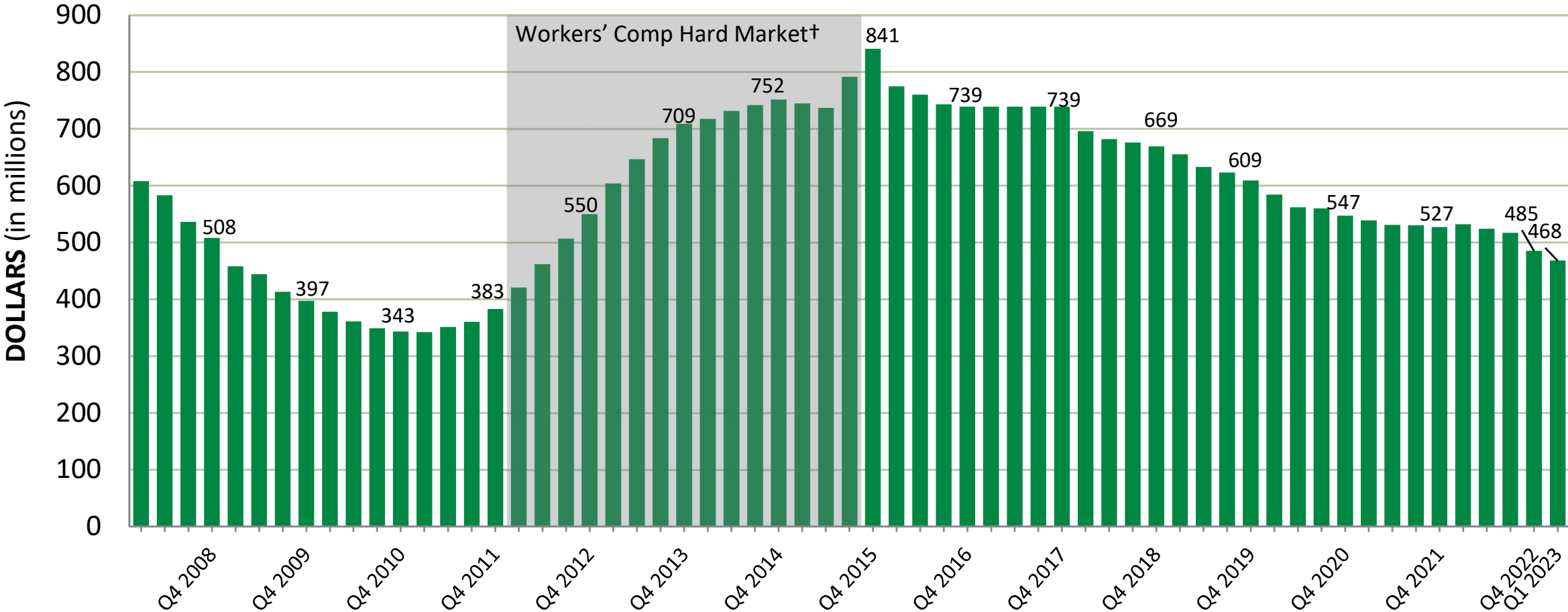


# WC INSURANCE RATE CHANGES



# RESIDUAL MARKET ACTIVITY

ALL POOLS – NET WRITTEN PREMIUM\*  
ALL POLICY YEARS COMBINED



\*Premium volume shown is the quarterly amount net of uncollectible premium for all states and net of premium ceded for the cost of excess reinsurance for AK and NM. Source: National Council of Compensation Insurance, Inc.

† Hard Market defined as periods of increasing rates reported in the Council of Insurance Agents and Brokers Quarterly Survey

# APPENDIX

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# SUSTAINABILITY

- **Responsibility to Shareholders and other Stakeholders:**
  - Our long-term success depends upon our relationships with all stakeholders: customers, agents, employees, injured workers, investors, regulators, and the communities in which we operate.
  - For more on our sustainability efforts please see: [www.amerisafe.com/sustainability/](http://www.amerisafe.com/sustainability/)



Rated "A" (Excellent) by A.M. Best



Ward's Top 50 in P&C (2009-2022)

SANDLER O'NEILL + PARTNERS

Sandler Premium Player (2014-2020)

# LEADERSHIP

## Board of Directors



Jared A. Morris  
Chairman



Michael J. Brown  
Director



Teri G. Fontenot  
Director



G. Janelle Frost  
Chief Executive Officer  
& President



Philip A. Garcia  
Director



Billy B. Greer  
Director



Randall E. Roach  
Director



Sean M. Traynor  
Director

# LEADERSHIP

## Executives



**G. Janelle Frost**  
Chief Executive Officer  
& President



**Andy Omiridis**  
Executive Vice President  
& Chief Financial Officer



**Vincent J. Gagliano**  
Executive Vice President  
& Chief Risk Officer



**Andrew B. McCray**  
Executive Vice President &  
Chief Underwriting Officer



**Kathryn H. Shirley**  
Executive Vice President,  
Chief Administrative Officer  
& Secretary

## Senior Leaders



**Nancy E. Hunt**  
SVP, Underwriting  
Operations



**Henry O. Lestage IV**  
SVP, Claims  
Operations



**Garrett S. Little**  
SVP, Safety  
Operations



**Barbra E. McCrary**  
SVP, Policyholder  
Services



**Angela W. Pearson**  
SVP & Controller

# SELECTED BALANCE SHEET DATA

(IN THOUSANDS)

	2022	2021	2020	2019	2018	2017
Investments, Cash and cash equivalents	\$950,456	\$1,083,293	\$1,150,501	\$1,168,831	\$1,165,834	\$1,185,873
Amounts recoverable from reinsurers	125,677	120,561	105,803	95,913	112,006	90,133
Premiums receivable, net	121,713	135,100	156,760	157,953	162,478	174,234
Deferred income taxes	22,794	14,384	13,665	17,513	21,852	19,262
Deferred policy acquisition costs	17,401	17,059	17,810	19,048	19,734	20,251
Other assets	31,238	32,327	26,316	33,648	34,027	28,483
Total Assets	1,269,279	1,402,724	1,470,855	1,492,906	1,515,931	1,518,236
Reserves for loss and loss adjustment expenses	696,037	745,278	760,561	772,887	798,409	771,845
Unearned premiums	114,976	121,092	129,260	140,873	149,296	157,270
Insurance-related assessments	17,653	16,850	17,995	22,967	28,258	28,246
Other liabilities	123,181	120,181	124,223	125,964	130,206	135,452
Shareholders' equity	317,432	399,323	438,816	430,215	409,762	425,423

## METRICS

Book Value Per Share (BVPS)	\$16.57	\$20.62	\$22.70	\$22.29	\$21.26	\$22.10
BVPS + Total Capital Returned Per Share*	\$56.56	\$54.35	\$51.32	\$46.36	\$40.87	\$37.35

# INCOME STATEMENT

(IN THOUSANDS)

	2022	2021	2020	2019	2018	2017
<b>Revenues:</b>						
Gross premiums written	\$276,110	\$278,294	\$303,090	\$333,460	\$351,696	\$350,267
Ceded premiums written	(10,527)	(10,469)	(10,276)	(8,995)	(9,344)	(8,869)
Net premiums written	\$265,583	\$267,825	\$292,814	\$324,465	\$342,352	\$341,398
Net premiums earned	\$271,698	\$275,993	\$304,427	\$332,888	\$350,326	\$346,156
Net investment income	27,223	25,435	29,364	32,483	30,452	29,281
Net realized gains (losses) on investments	3,440	1,695	1,132	(80)	(1,536)	(647)
Net unrealized gains (losses) on equity securities	(8,092)	12,315	4,204	4,758	(2,088)	—
Fee and other income	468	496	350	321	599	420
Total revenues	294,737	315,934	339,477	370,370	377,753	375,208
<b>Expenses:</b>						
Loss and loss adjustment expenses incurred	152,316	160,798	157,226	176,342	204,891	209,324
Underwriting and other operating costs	72,032	72,051	71,906	74,351	81,133	78,776
Policyholder dividends and other	2,743	3,636	3,426	4,160	4,148	4,868
Total expenses	227,091	236,485	232,558	254,853	290,172	292,968
Income before taxes	67,646	79,449	106,919	115,517	87,581	82,240
Income tax expense	12,044	13,693	20,317	22,827	15,949	36,009
<b>Net income</b>	<b>\$55,602</b>	<b>\$65,756</b>	<b>\$86,602</b>	<b>\$92,690</b>	<b>\$71,632</b>	<b>\$46,231</b>



**AMERISAFE<sup>®</sup>**

Safe Above All<sup>™</sup>