AMERISAFE

SunTrust Unconference

May 21, 2014



C. Allen Bradley, Jr.
Chairman & Chief Executive Officer

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Chief Financial Officer

Forward Looking Statements

Statements made in this presentation that are not historical facts, including statements accompanied by words such as “will,” “believe,” “anticipate,” “expect,” “estimate,” “preliminary,” 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 presentation and are not guarantees of future performance. Actual results may differ materially from the results expressed or implied in these statements as the result of risks, uncertainties, and other factors, including the factors set forth in the Company’s filings with the Securities and Exchange Commission, including in Item 1A “Risk Factors” in AMERISAFE’s Annual Report on Form 10-K for the year ended December 31, 2013. AMERISAFE cautions you not to place undue reliance on the forward-looking statements contained in this presentation. 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 presentation.

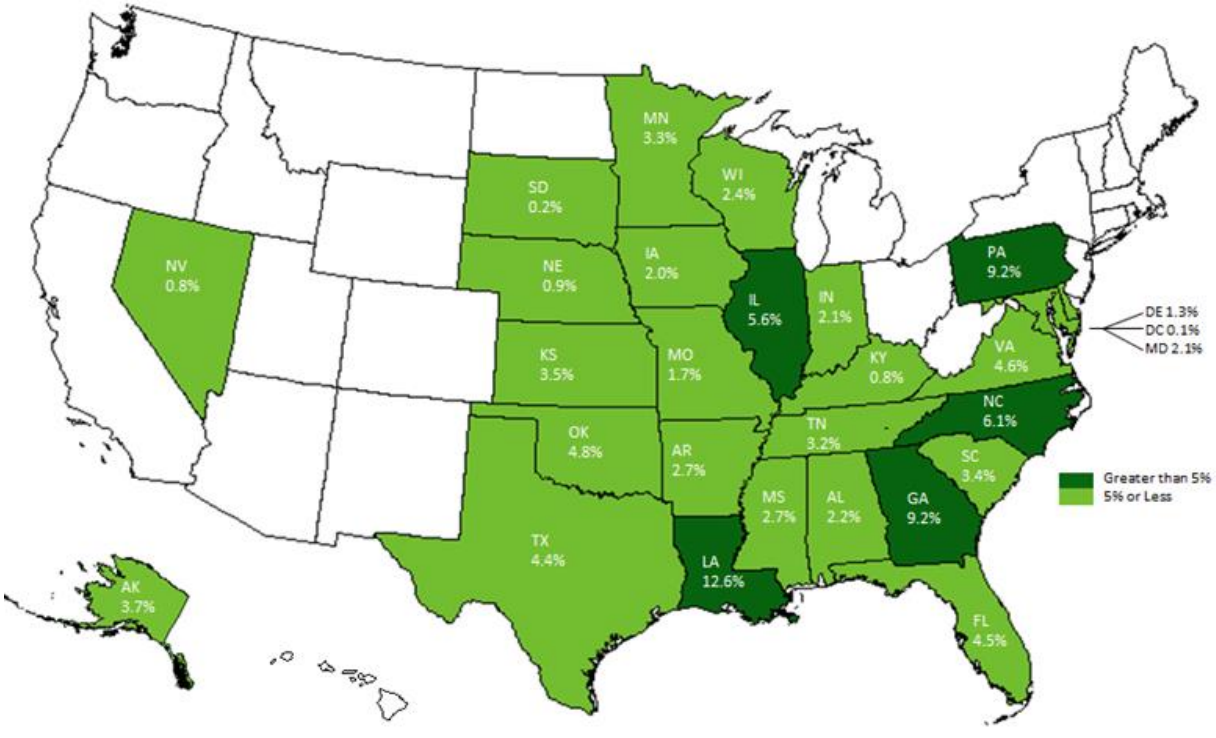
Overview

AMERISAFE has a 28-year operating history as a specialty provider of workers' compensation insurance for small to mid-sized employers engaged in high hazard industries

2013 Highlights

- GPW up 13.2%
- Combined ratio: 90.0%
- ROAE: 10.9%

Premium Distribution by State

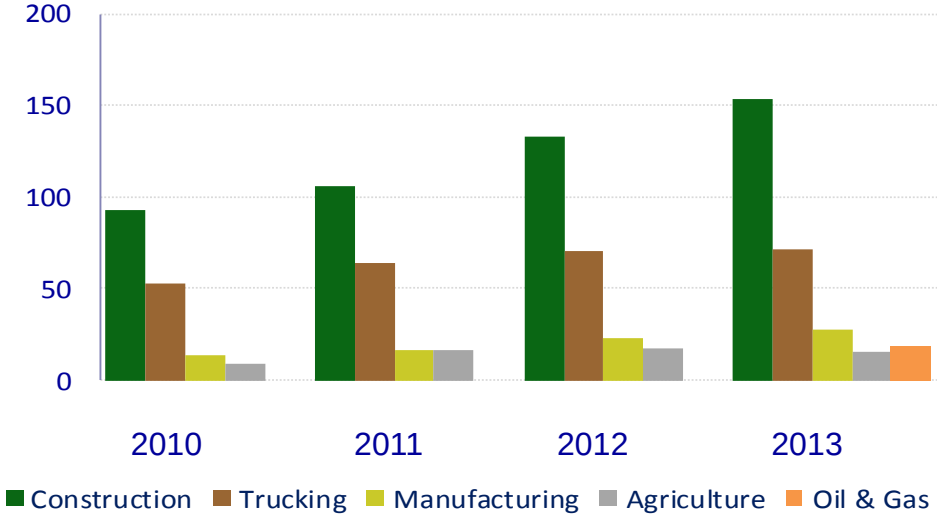


AMERISAFE actively markets insurance in 30 states and D.C.

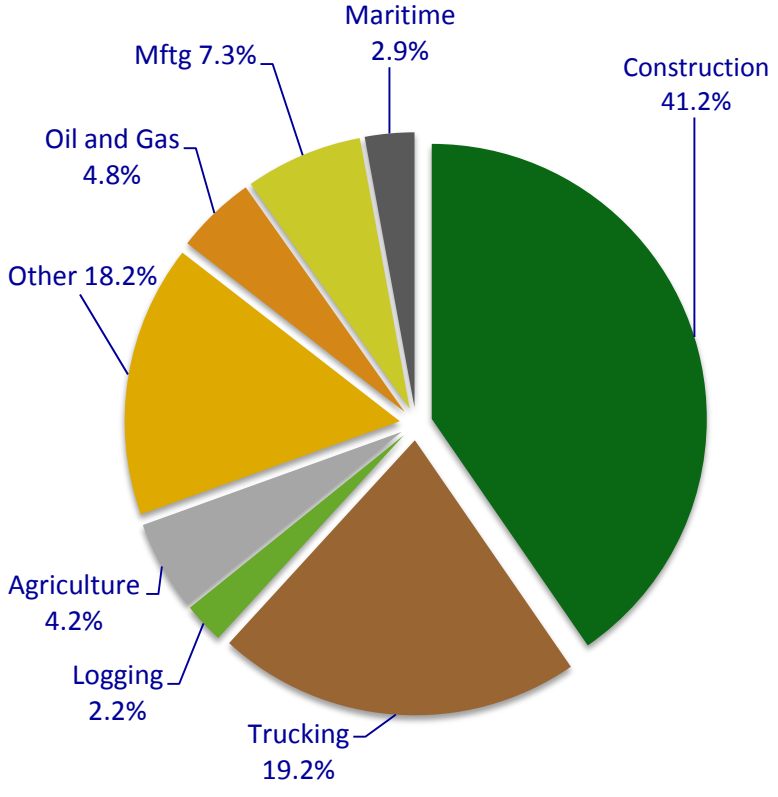
Premium Distribution

Historical Premium Distribution of Major Industry Groups

(in $ millions)



Premium Distribution by Industry as of 12/31/13



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

Comprehensive Safety Services

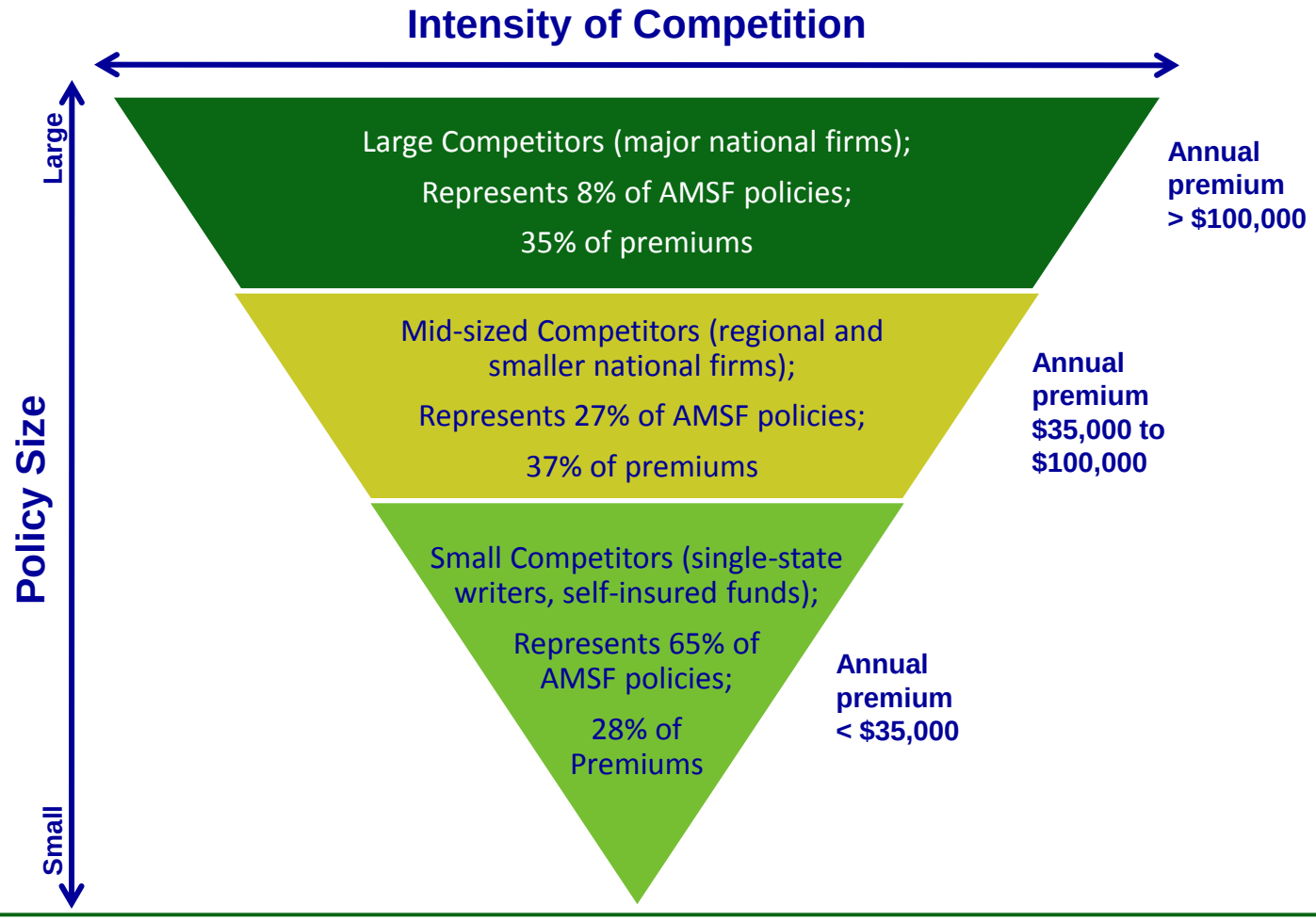
- Field Safety Professionals (FSPs) maintain in-depth knowledge of high hazard industries
- Pre-quotation, worksite safety inspection performed on 86% of new accounts
- FSPs geographically dispersed

Intensive Claims Management

- Field Case Managers (FCMs) located in service areas
- Low case load 53 claims per FCM
- Higher severity losses require unique claims handling skills and processes
- FCMs focus on timely resolution of claims

Amerisafe Customer Overview

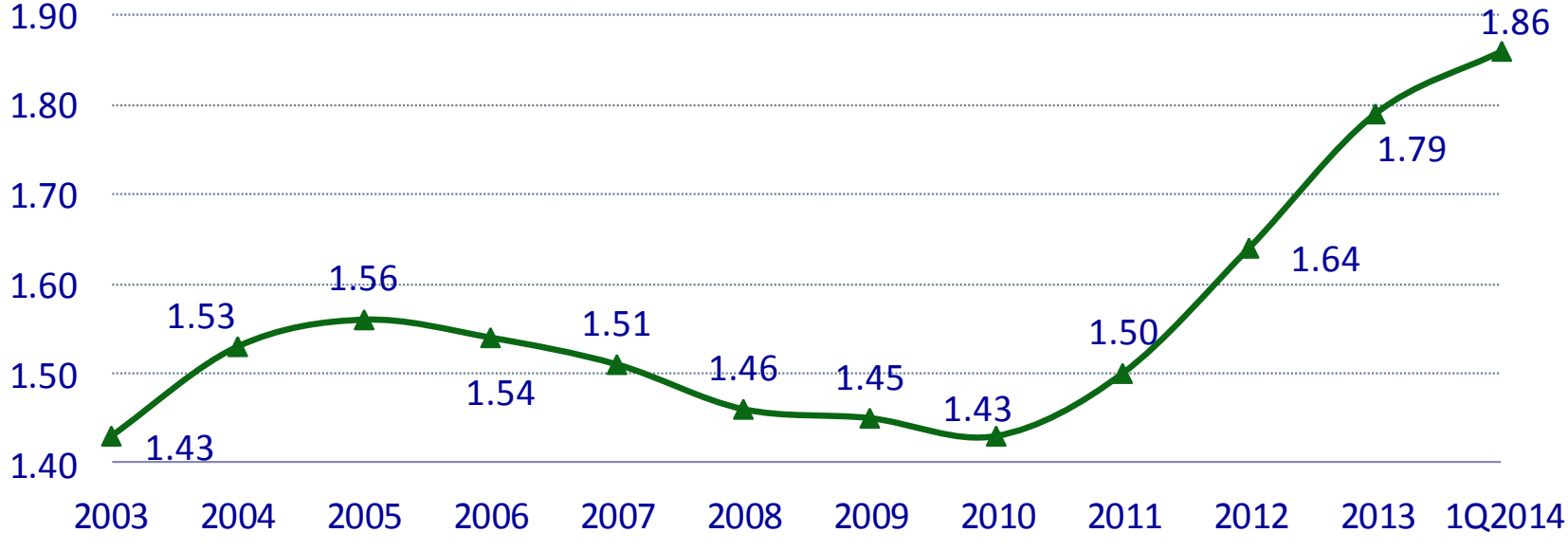
- Competition is fragmented, and favors multi-state writers of small to mid-sized employers



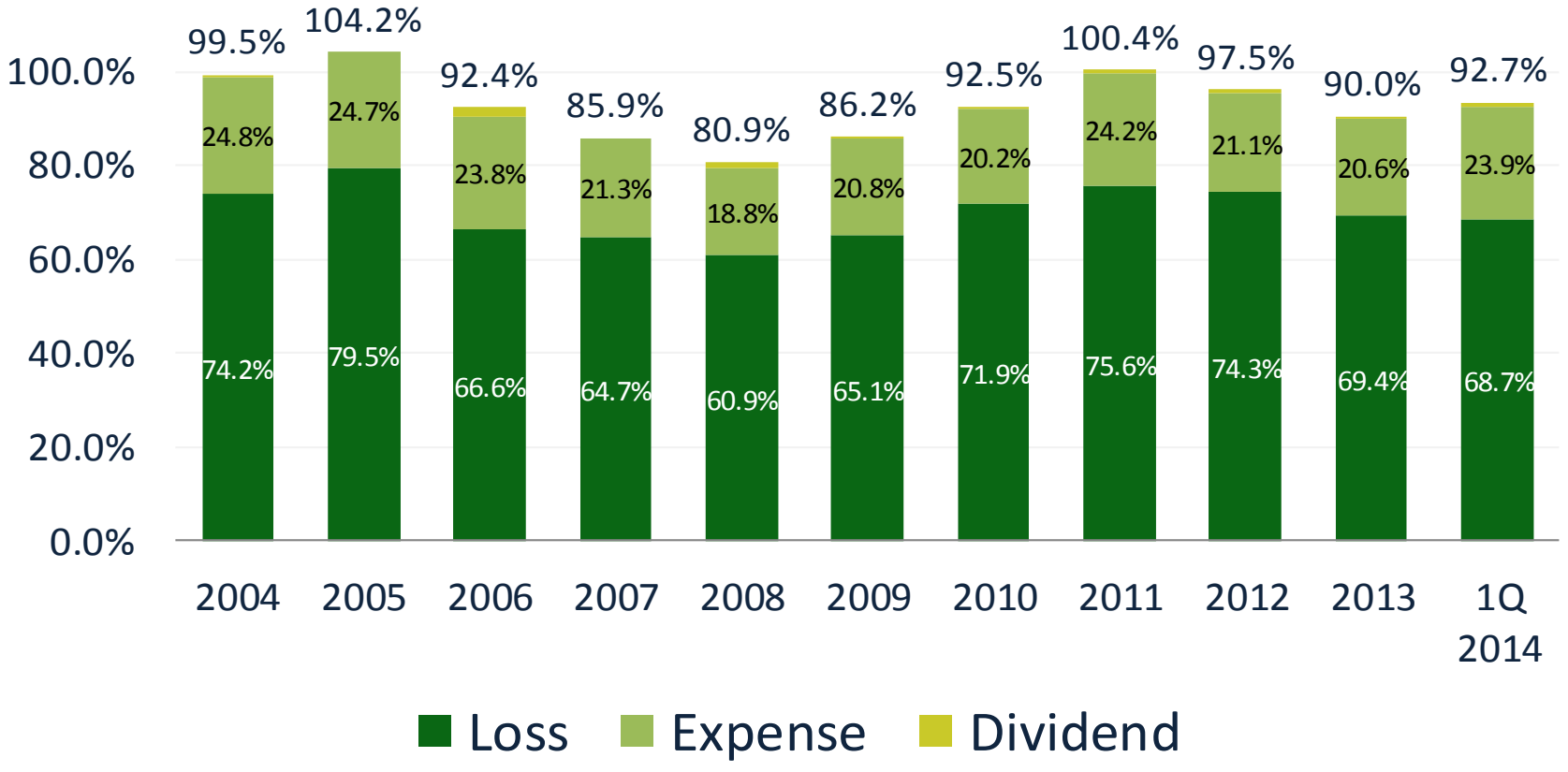
Pricing for Profitability

- Loss costs (LC) – 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



Combined Ratio



Consistently profitable underwriting

- 10 yr average combined ratio of 93.0%
- 8 yr average 90.7%

Economic Model - ROE Drivers

	1Q2014
Loss Ratio	68.7%
+	
Expense Ratio	23.9%
+	
Policyholder Dividend Ratio	0.1%
=	
Combined Ratio	92.7%
Underwriting Profit	7.3%
x	
Operating Leverage	0.85
=	
ROE from Underwriting	6.2%
Pre-tax Investment Yield	2.7%
x	
Investment Leverage	2.4
=	
ROE from Investing	6.5%
ROE from Other Income (Expense)	0.1%
Pre-tax ROE	12.8%
Effective Tax Rate	21.3%
ROE	10.1%

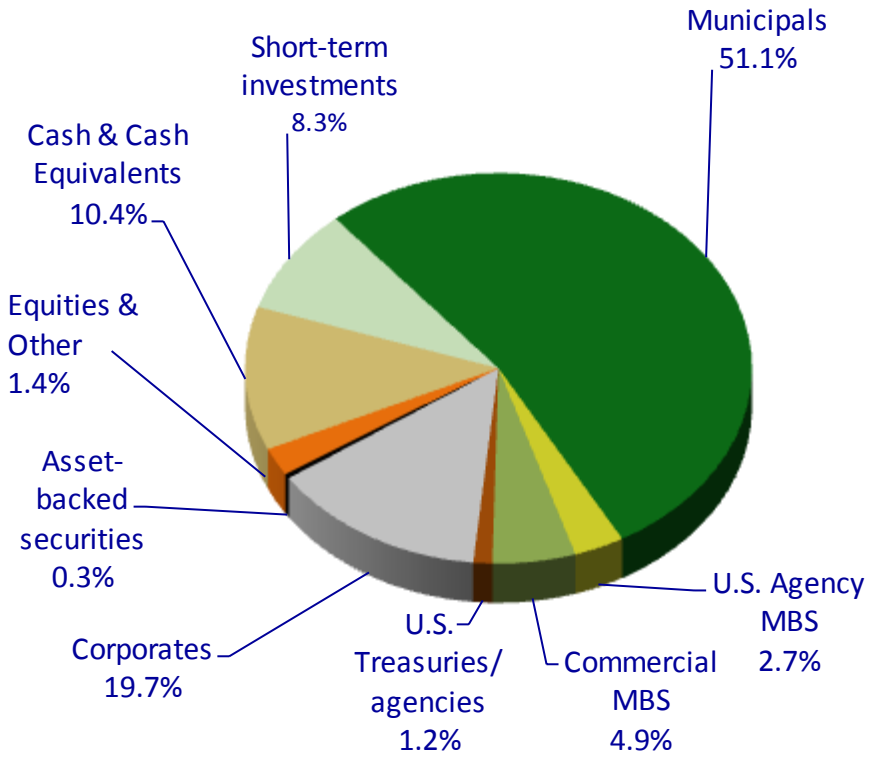
❖Imperative to execute on the fundamentals of underwriting, safety and claims

❖ At current leverage ratios, a 1 point change in Loss Ratio equates to a 33 BP change in yield to maintain ROE

Investment Portfolio

Portfolio Allocation

(as of 3/31/2014)



Value of Fixed-Maturity Securities Classified as Held-to-Maturity

(as of 3/31/2014)

Investment	Book Value ($millions)	Fair Value ($millions)	Unrealized Gain (Loss)
Municipals	$368.7	$388.4	$19.7
Corporate Bonds	$94.1	$95.0	$0.9
Commercial MBS	$49.9	$53.0	$3.1
U.S. Agency MBS	$20.4	$22.2	$1.8
U.S. Treasuries	$12.3	$13.3	$1.0
ABS	$3.2	$3.3	0.1
Total	**$548.6**	**$575.2**	**$26.6**

- Carrying value of cash and investments was $1.0 billion at March 31, 2014
- As of 3/31/2014, fixed-maturity securities have an average composite credit rating of “AA-”

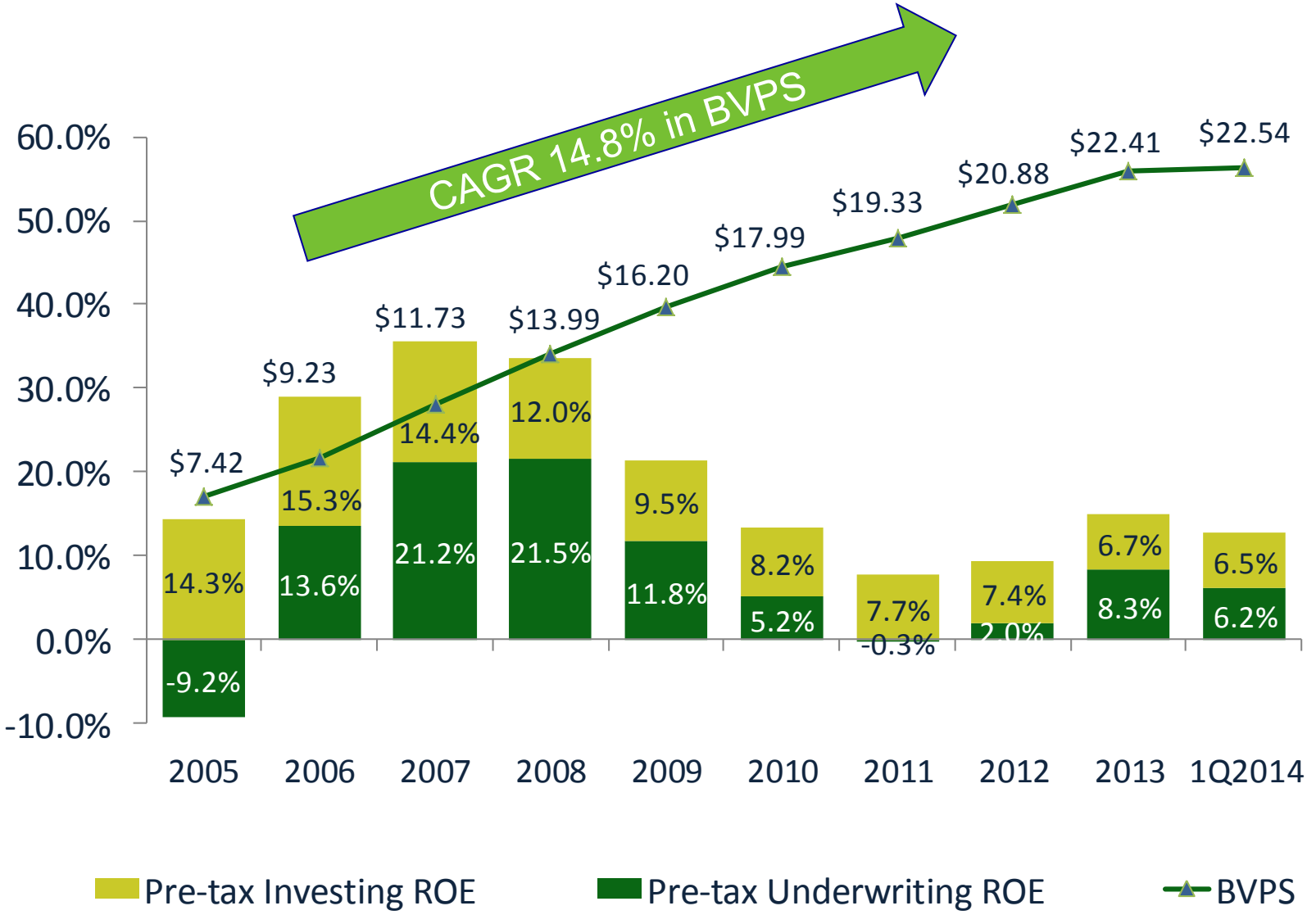
Capital Management

- Goal: Maintain and Balance
  Hold prudent capital levels to maintain A.M. Best financial strength rating of “A”, yet achieve attractive returns for shareholders

- History of Proactive Capital Management
  - $62M of preferred and debt retirement
  - $22.4M of share repurchases
  - $17.7M of dividends paid

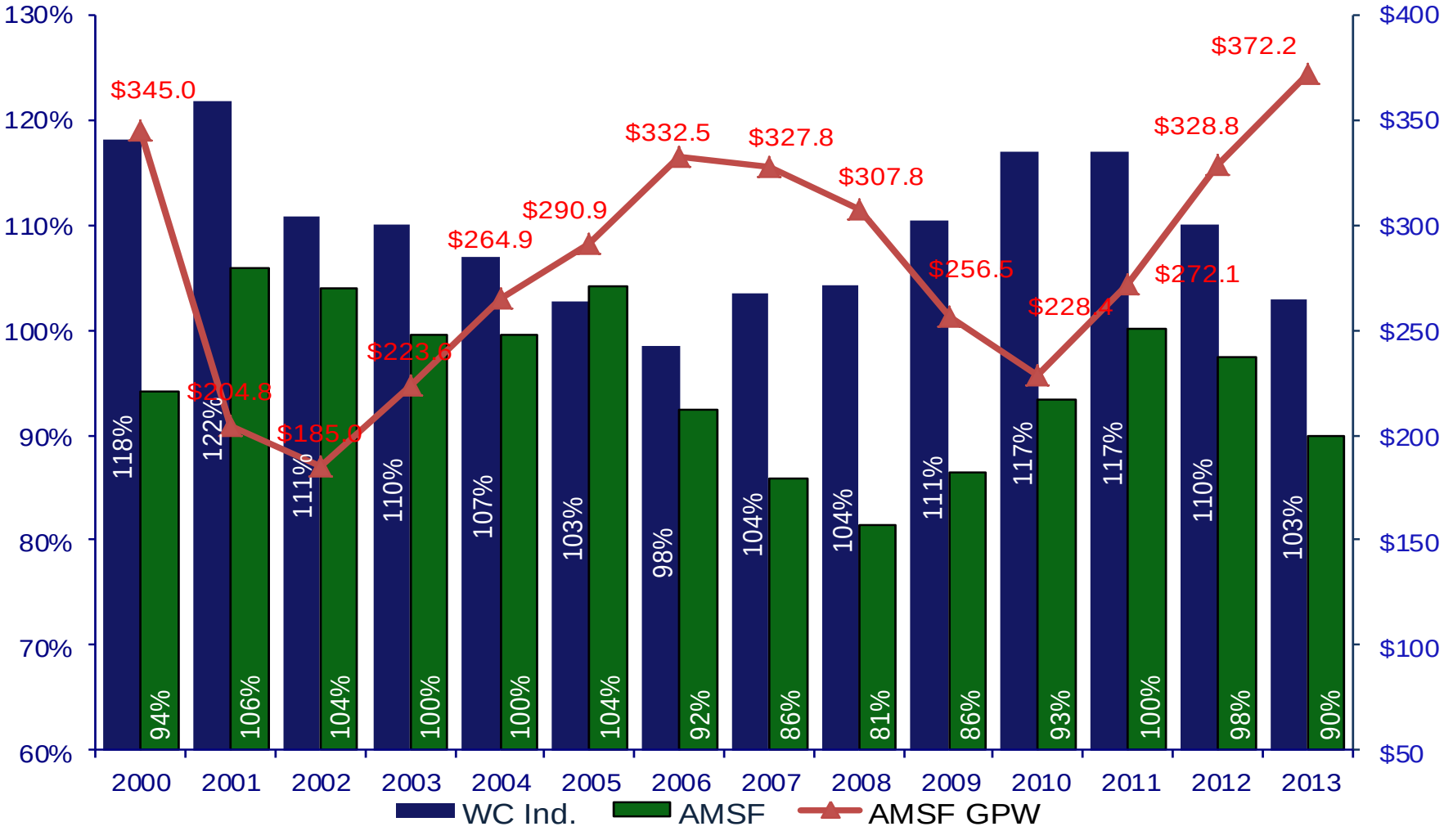
- Current Utilization of Capital
  - Organic growth
  - Acquisition considerations
    - Renewal rights
    - Balance sheet
  - $25M Share repurchase authorization
  - Continued dividend payments

Historical Financial Performance



Current Workers' Compensation Market Conditions

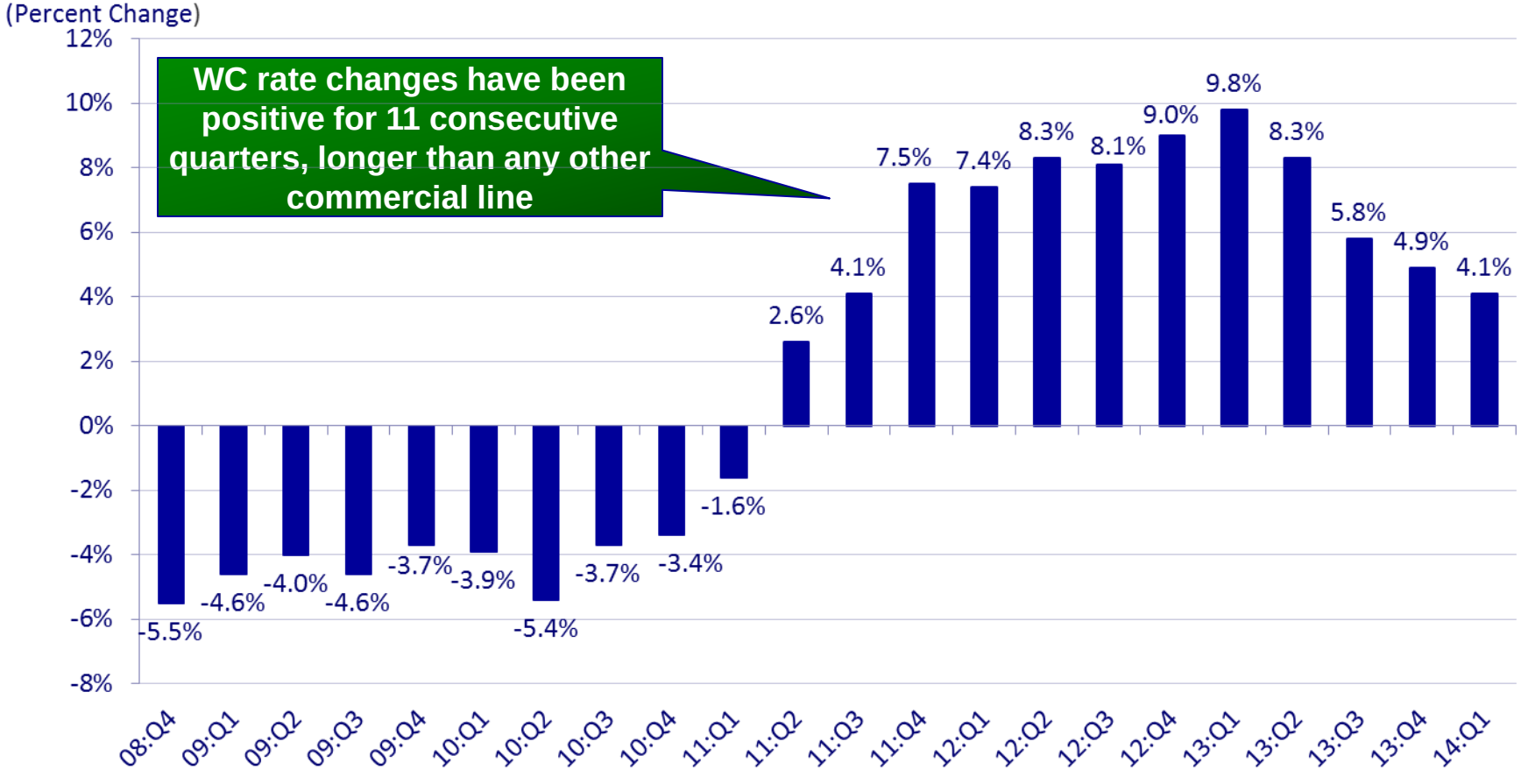
WC Industry Combined Ratio



- AMSF Average Outperformance 14.4 pts., Since 2000
- AMSF Average Outperformance 17.3 pts., Since 2006

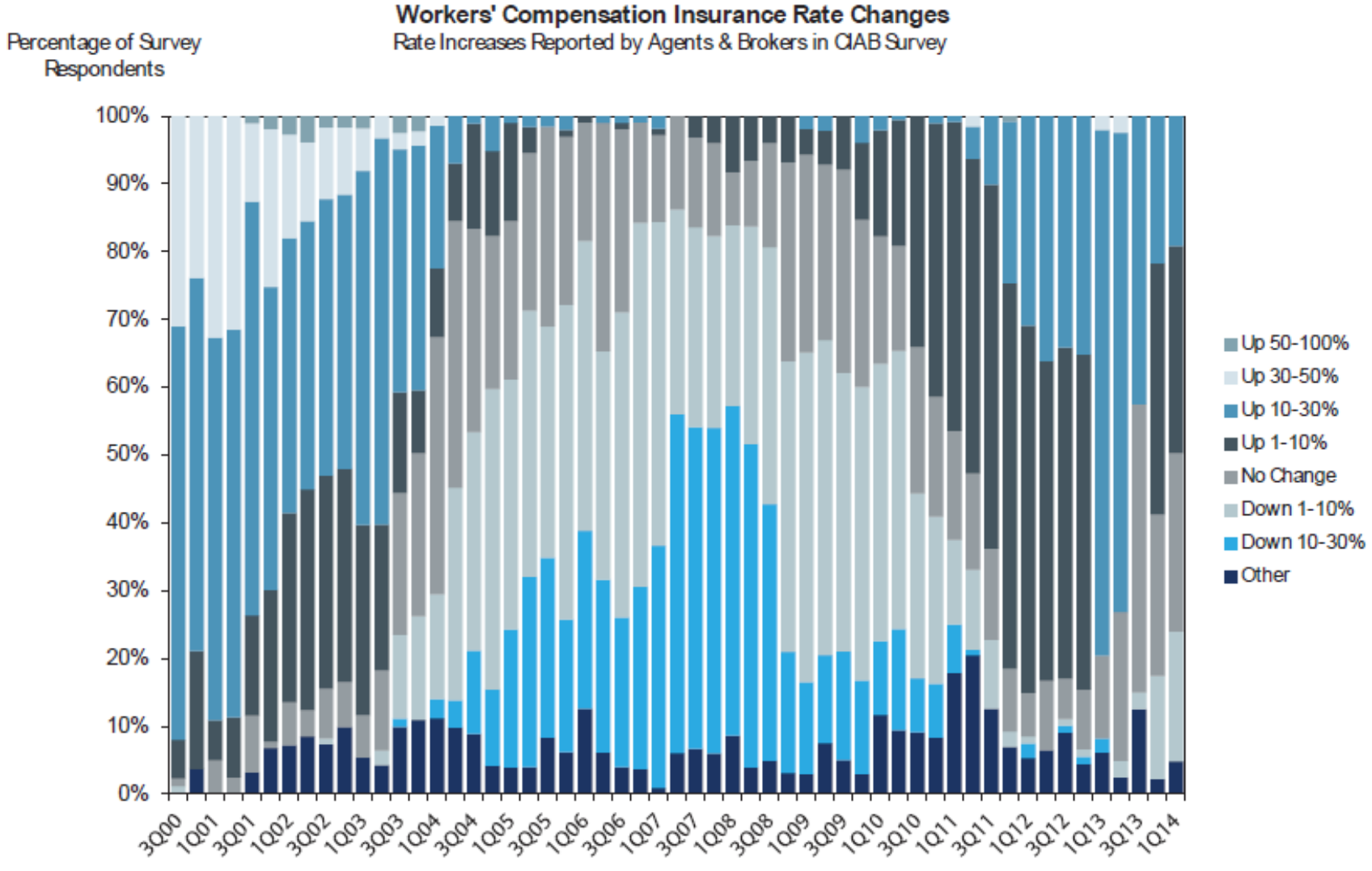
Sources: A.M. Best; Insurance Information Institute.

Workers Comp Rate Changes, 2008:Q4 – 2014:Q1



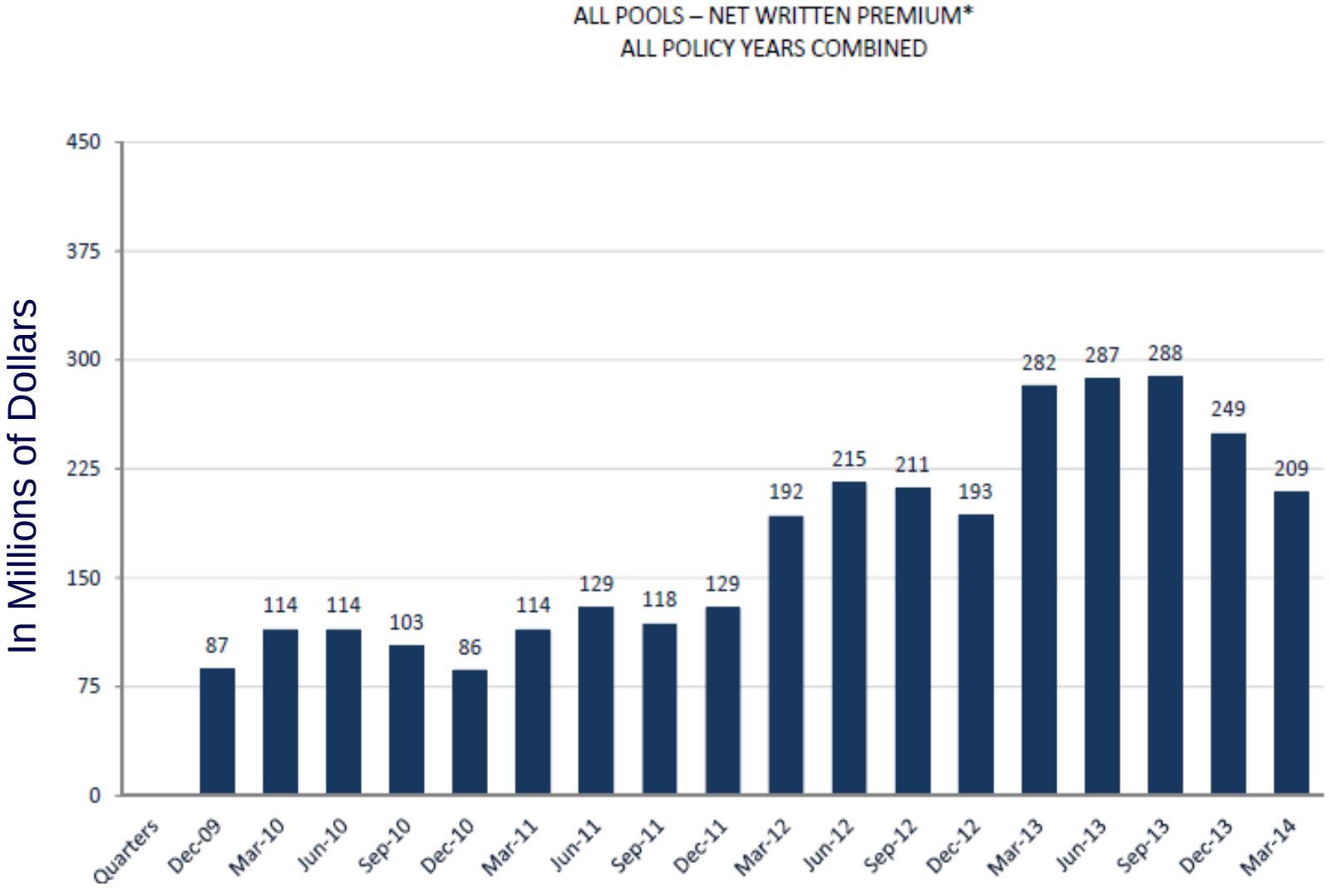
Source: The Council of Insurance Agents and Brokers.

WC Insurance Rate Changes



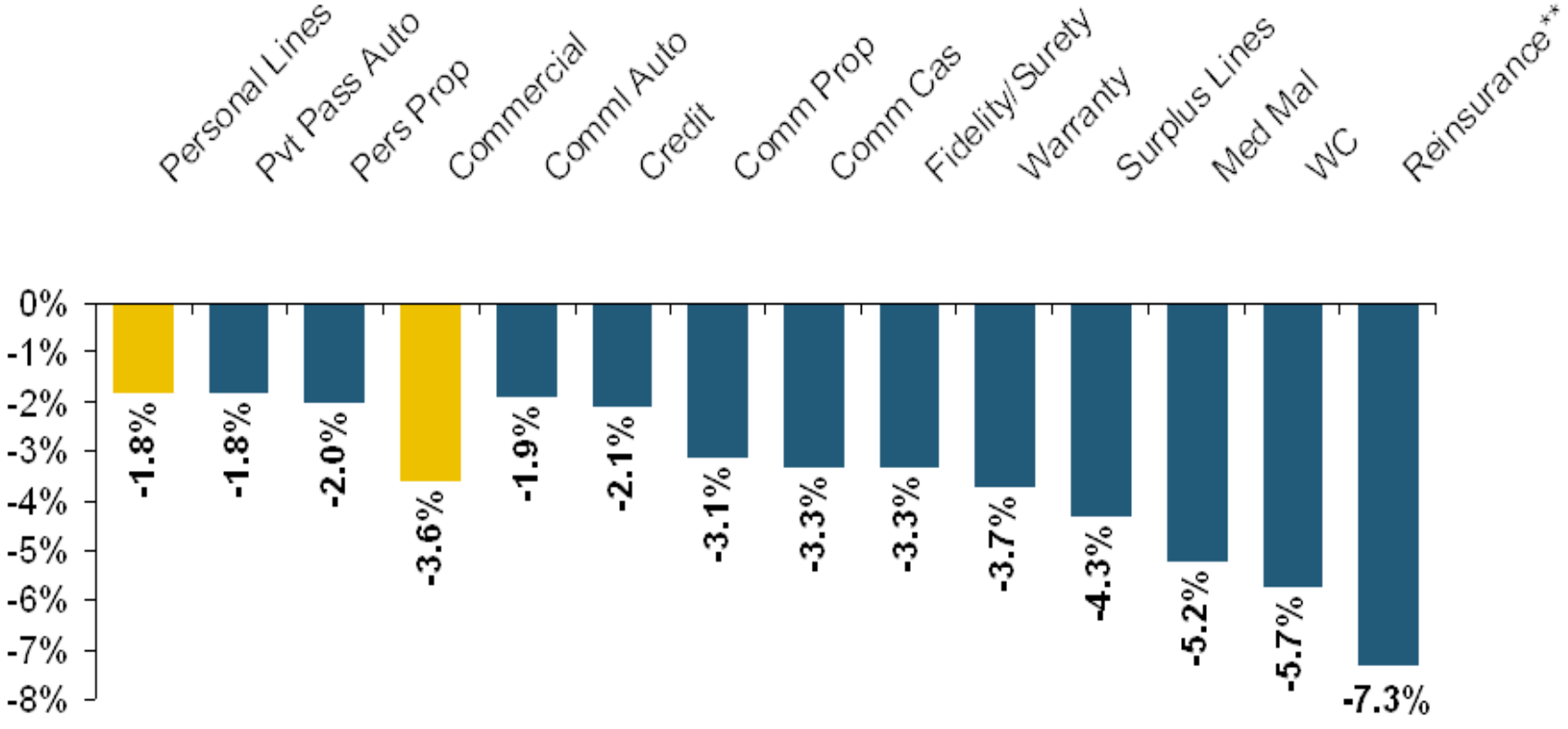
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Residual Market Results



*Premium volume shown is 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.

Reduction in Combined Ratio Necessary to Offset 1% Decline in Investment Yield to Maintain Constant ROE, by Line*



Lower Investment Earnings Place a Greater Burden on Underwriting and Pricing Discipline

*Based on 2008 Invested Assets and Earned Premiums; **US domestic reinsurance only
Source: A.M. Best; Insurance Information Institute.

Appendix

Nasdaq: AMSF

Market Statistics:

Stock Price	**$38.96**
52 week range	**$31.66 - $45.95**
Shares Outstanding	**18.7 M**
Market Cap	**$728 M**
Book Value per Share	**$22.54**
Price-to-Book	**1.73**

Market data as of May 14, 2014; Financial data as of March 31, 2014

Selected Balance Sheet Data

(in thousands)

	1Q2014	2013	2012
Investments, Cash and cash equivalents	1,023,194	1,001,852	900,792
Amounts recoverable from reinsurers	78,275	75,326	101,352
Premiums receivable, net	192,964	171,579	141,950
Deferred income taxes	32,806	33,645	29,521
Deferred policy acquisition costs	21,091	19,171	18,419
Total Assets	1,376,750	1,329,001	1,220,946
Reserves for loss and loss adjustment expenses	636,191	614,557	570,450
Unearned premiums	177,428	164,296	140,528
Insurance-related assessments	28,113	25,428	22,244
Subordinated debt securities	--	--	--
Shareholders' equity	420,578	416,814	381,222
Metrics			
Book Value Per Share	$22.54	$22.41	$20.88

Income Statement

(in thousands)

	1Q2014	2013	2012
Revenues:			
Gross premiums written	$105,703	$372,177	$328,823
Ceded premiums written	(3,339)	(18,425)	(16,305)
Net premiums written	$102,364	$353,752	$312,518
Net premiums earned	$89,233	$329,983	$290,689
Net investment income	6,708	27,029	27,018
Net realized gains (losses) on investments	101	(1,211)	2,979
Fee and other income	131	534	562
Total revenues	96,173	356,335	321,248
Expenses:			
Loss and loss adjustment expenses incurred	61,285	228,973	219,903
Underwriting and other operating costs	21,371	67,116	61,433
Interest expense	--	--	566
Policyholder dividends	113	1,042	2,203
Total expenses	82,769	297,131	284,105
Income before taxes	13,404	59,204	37,143
Income tax expense	2,855	15,567	7,790
Net income	$10,549	$43,637	$29,353