AMERISAFE

Morgan Stanley Financials Conference
June 9, 2015



C. Allen Bradley, Jr.
Executive Chairman

G. Janelle Frost
Chief Executive Officer and President

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, 2014. 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.

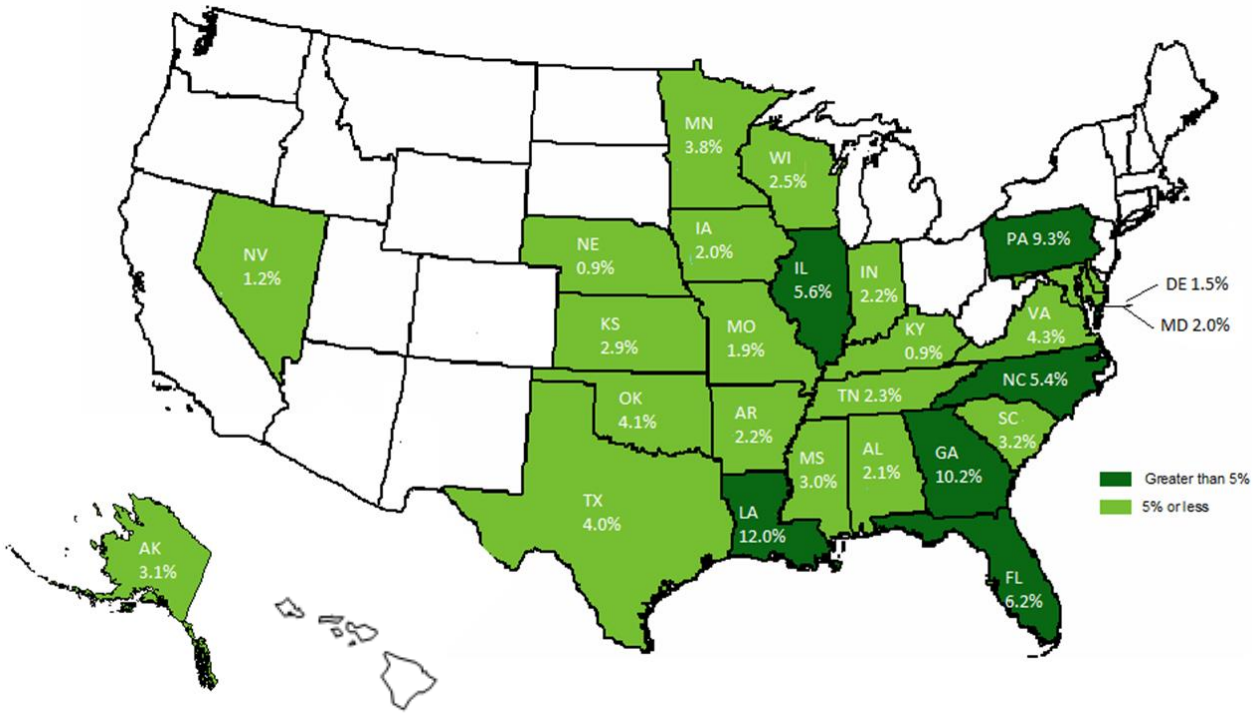
Overview

AMERISAFE has a 29-year operating history as a specialty provider of workers' compensation insurance for small to mid-sized employers engaged in high hazard industries

2015 1Q Highlights

- Total Revenue Growth: 5.8%
- Combined ratio: 85.0%
- ROAE: 13.3%

Premium Distribution by State

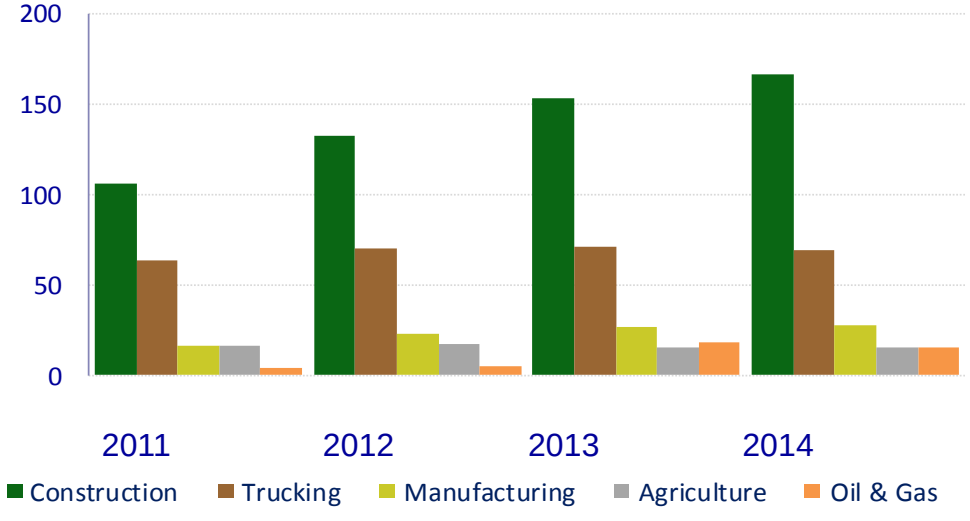


AMERISAFE actively markets insurance in 30 states and D.C.

Premium Distribution

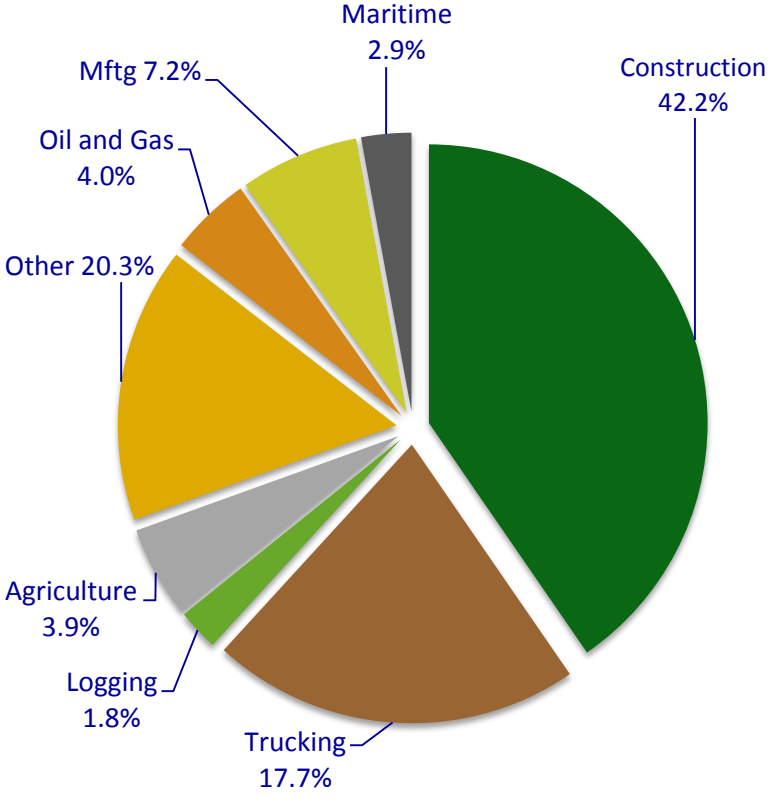
Historical Premium Distribution of Major Industry Groups

(in $ millions)



Premium Distribution by Industry as of 12/31/14

*Includes Assigned Risk & Assumed premiums



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

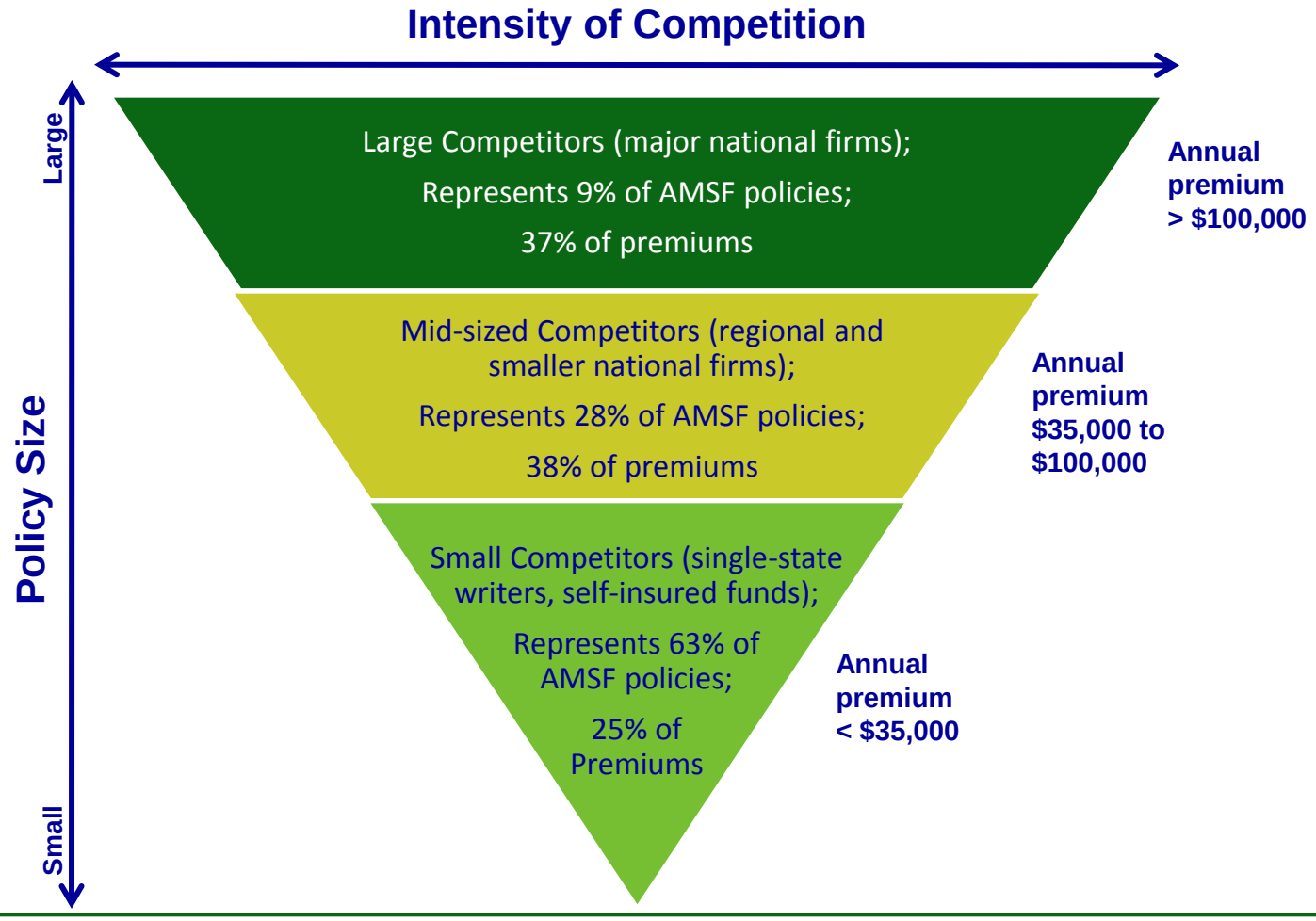
- Field Safety Professionals (FSPs) maintain in-depth knowledge of high hazard industries
- Pre-quotation, worksite safety inspection performed on 92% of new accounts
- FSPs geographically dispersed

Intensive Claims Management

- Field Case Managers (FCMs) located in service areas
- Low case load 54 claims per FCM
- Higher severity losses require unique claims handling skills and processes
- FCMs focus on timely resolution of claims

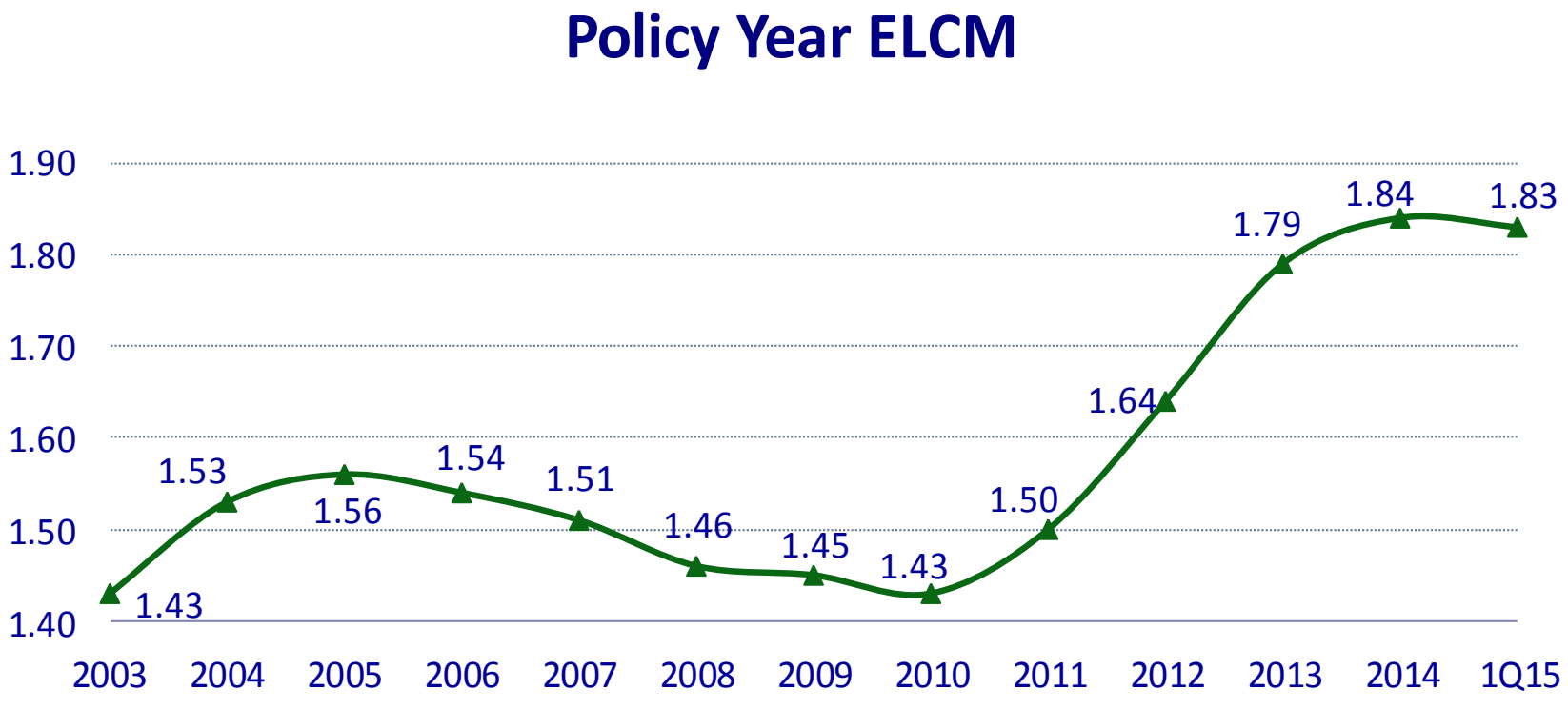
Amerisafe Customer Overview

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

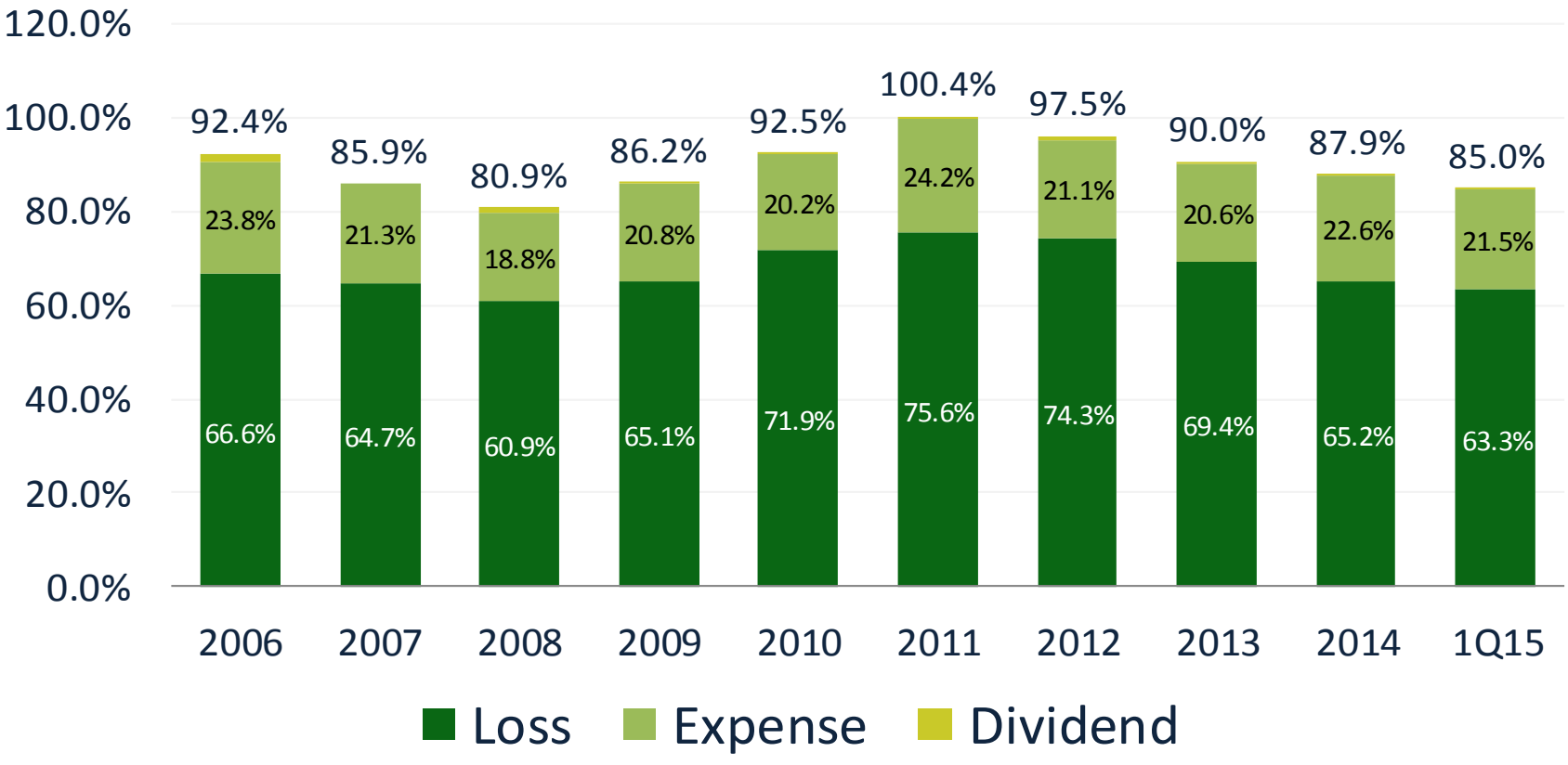


Pricing for Profitability

- Loss costs – 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



Combined Ratio



Consistently profitable underwriting

❖ Average 90.4 % since going public

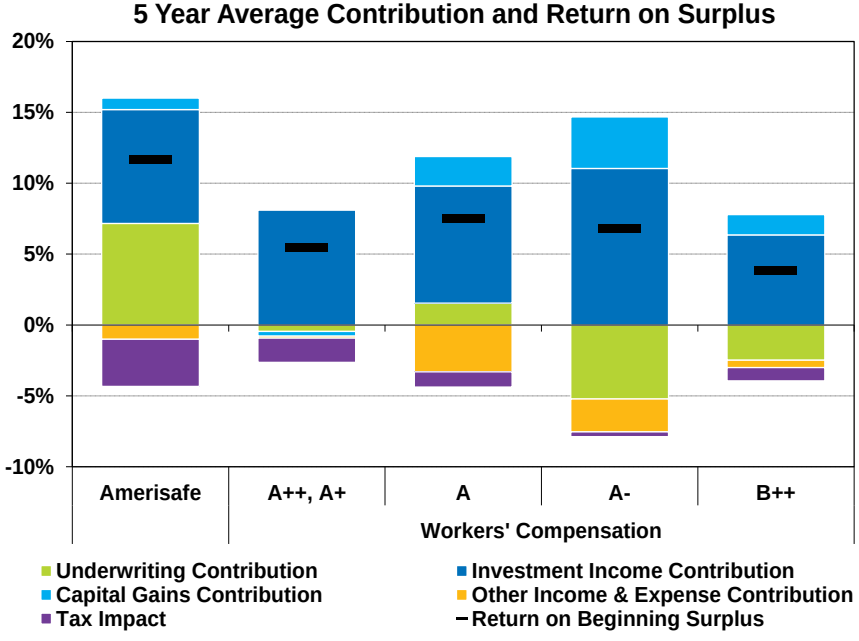
Economic Model - ROE Drivers

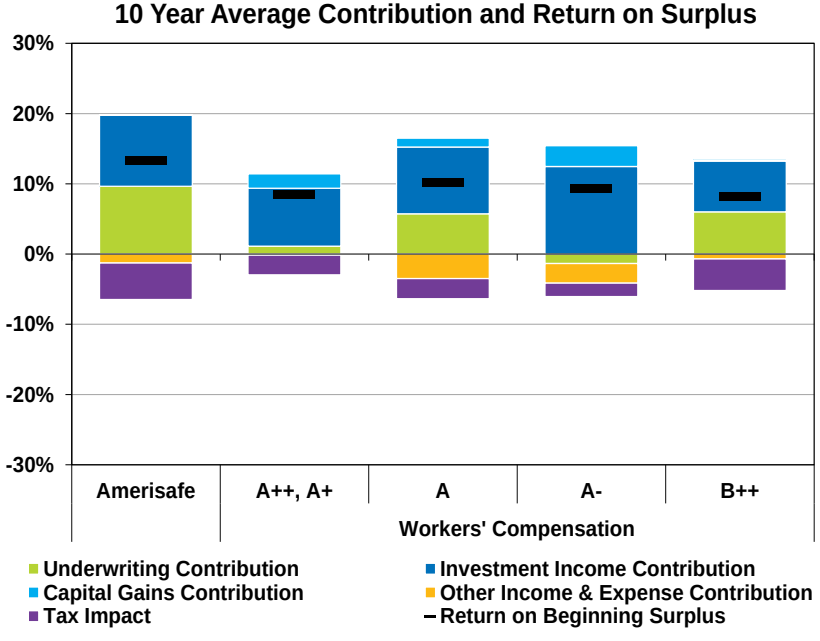
	1Q15
Loss Ratio	63.3%
+	
Expense Ratio	21.5%
+	
Policyholder Dividend Ratio	0.2%
=	
Combined Ratio	85.0%
Underwriting Profit	15.0%
x	
Operating Leverage	0.80
=	
Pre-tax ROAE from Underwriting	12.0%
Pre-tax Investment Yield	2.4%
x	
Investment Leverage	2.5
=	
Pre-tax ROAE from Investing	6.0%
Pre-tax ROAE from Other Income (Expense)	0.6%
Pre-tax ROAE	18.6%
Effective Tax Rate	28.6%
ROAE	13.3%

- Imperative to execute on the fundamentals of underwriting, safety and claims with investment yields at current levels

- At current leverage ratios, a 1 point change in Loss Ratio equates to a 32 BP change in yield to maintain ROE

Contributions to Returns



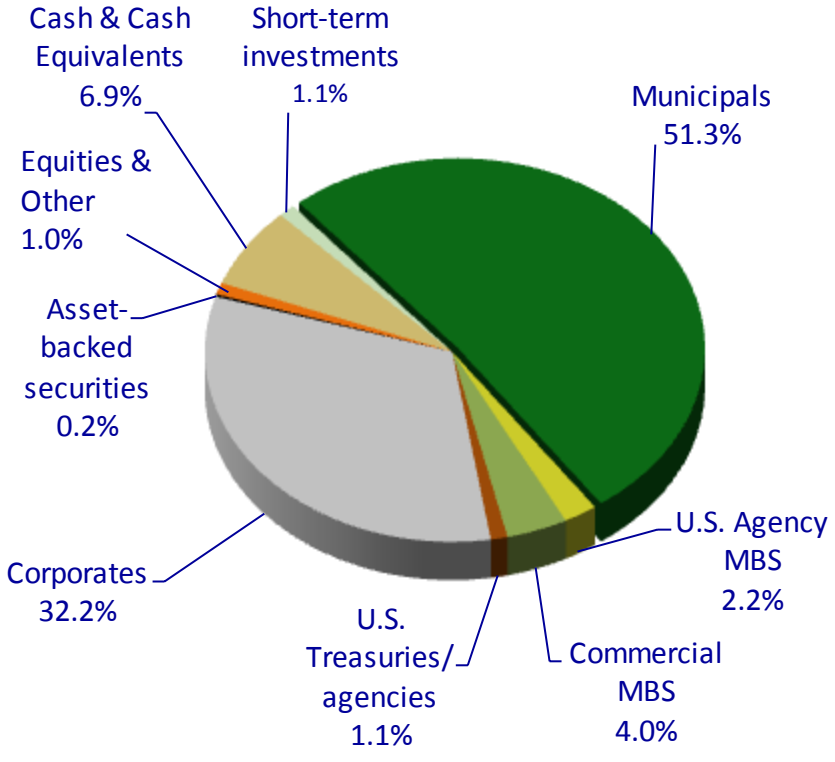


Source: A.M. Best

Investment Portfolio

Portfolio Allocation

(as of 3/31/2015)



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

(as of 3/31/2015)

Investment	Book Value ($millions)	Fair Value ($millions)	Unrealized Gain (Loss)
Municipals	$417.4	$436.9	$19.5
Corporate Bonds	$191.6	$192.2	$0.6
Commercial MBS	$46.1	$47.6	$1.5
U.S. Agency MBS	$16.0	$17.6	$1.6
U.S. Treasuries	$12.9	$14.1	$1.2
ABS	$2.7	$2.9	$0.2
Total	**$686.7**	**$711.3**	**$24.6**

- Carrying value of cash and investments was $1.2 billion at March 31, 2015
- As of March 31, 2015, fixed-maturity securities have an average composite credit rating of “AA-”

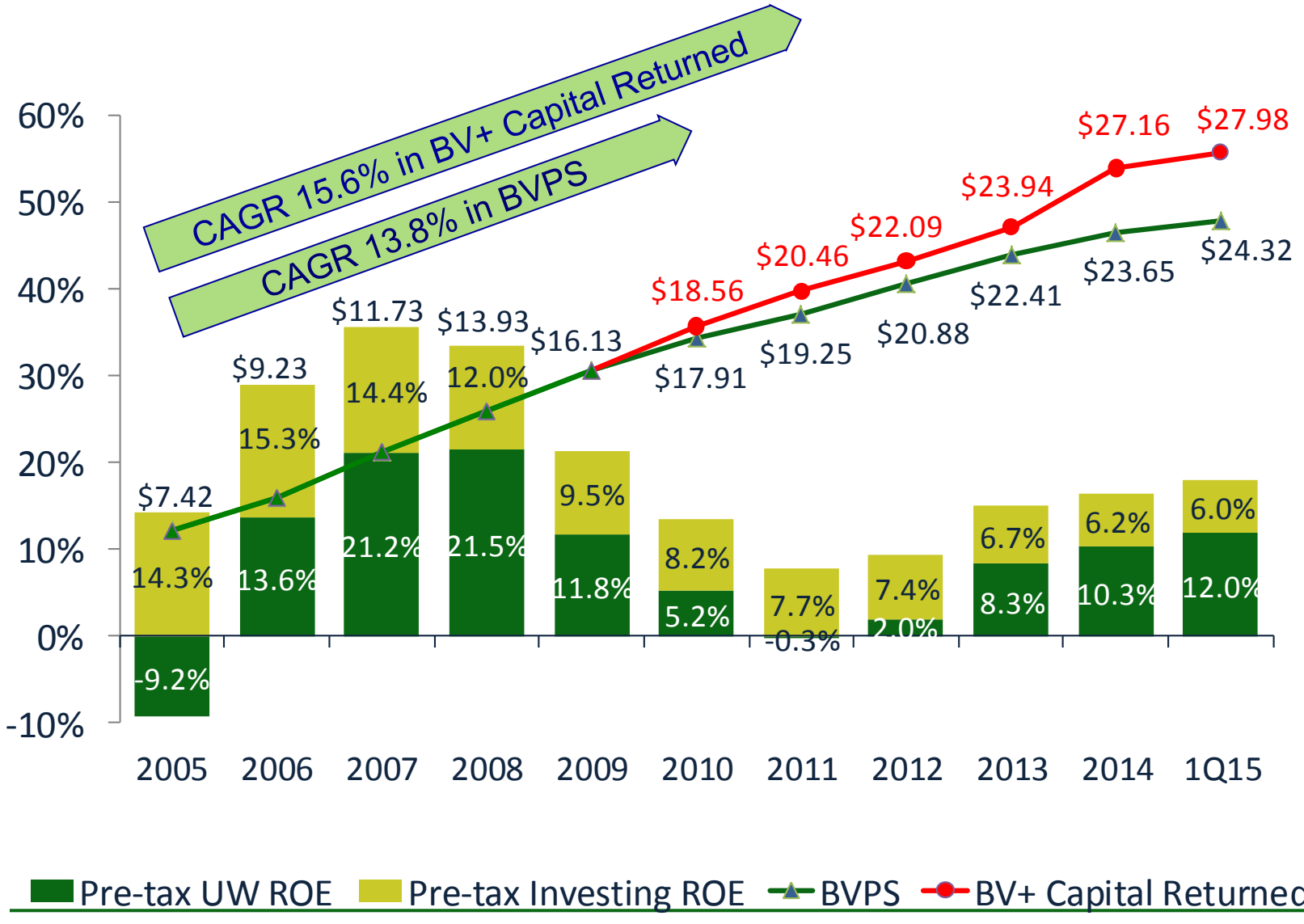
Capital Management

- 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
  - $62.0M of preferred and debt retirement
  - $22.4M of share repurchases
  - $45.8M of dividends paid
    - Extraordinary Dividends $28.2M

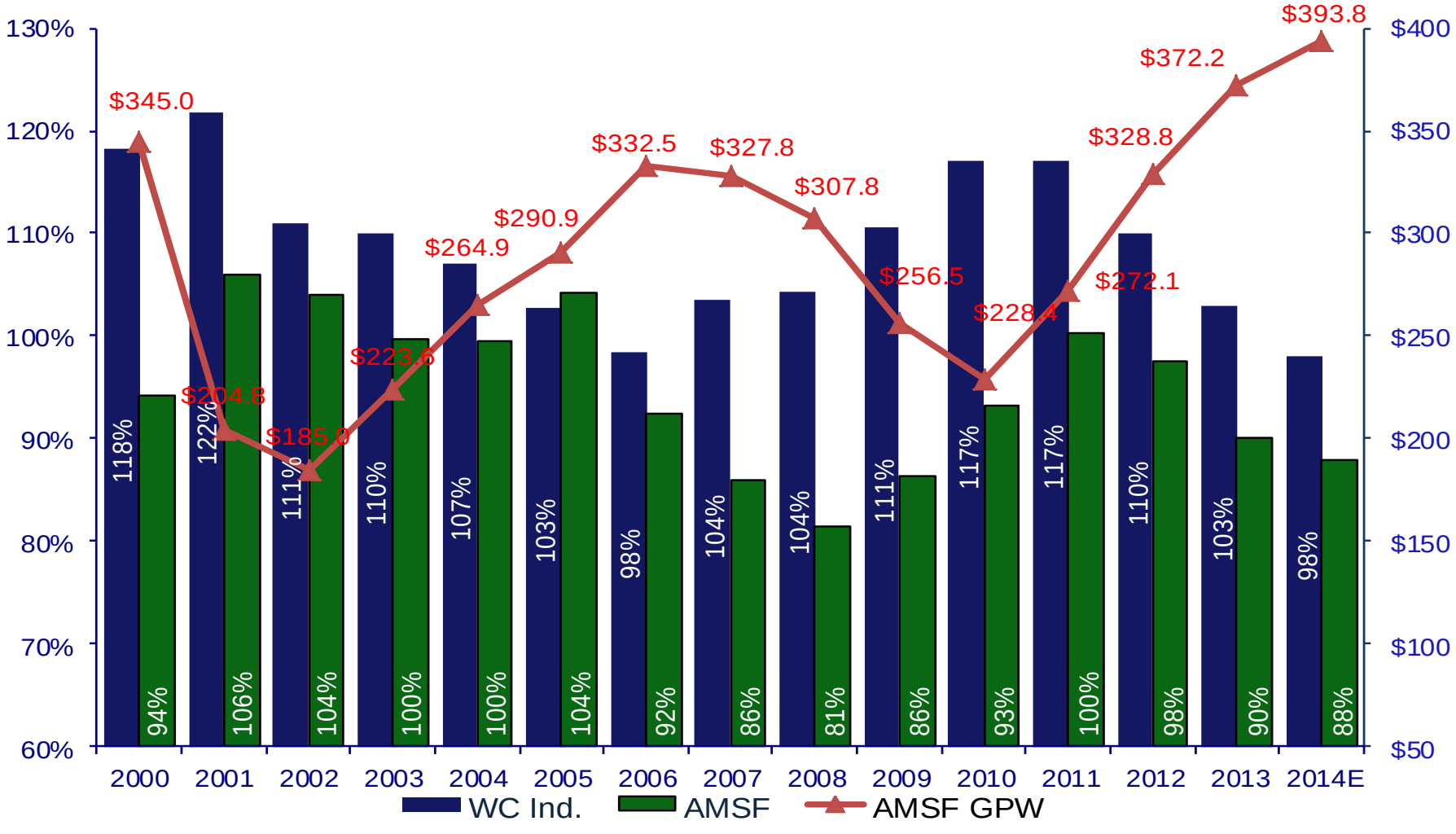
- Current Capital Deployment Strategies
  - Organic growth
  - Acquisition considerations
    - Renewal rights
    - Balance sheet
  - Continued dividend payments
  - $25M Share repurchase authorization

Historical Financial Performance



Current Workers' Compensation Market Conditions

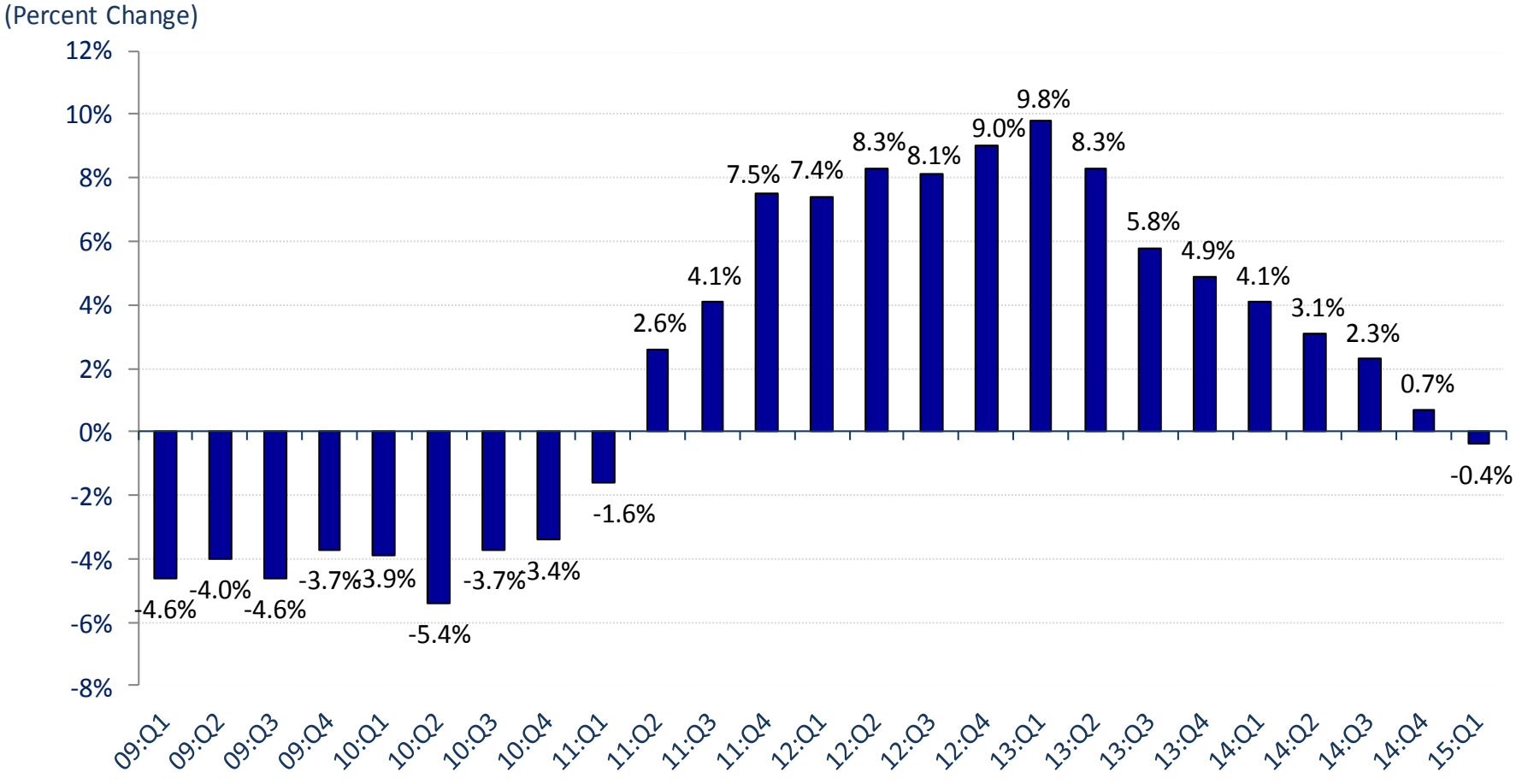
WC Industry Combined Ratio



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

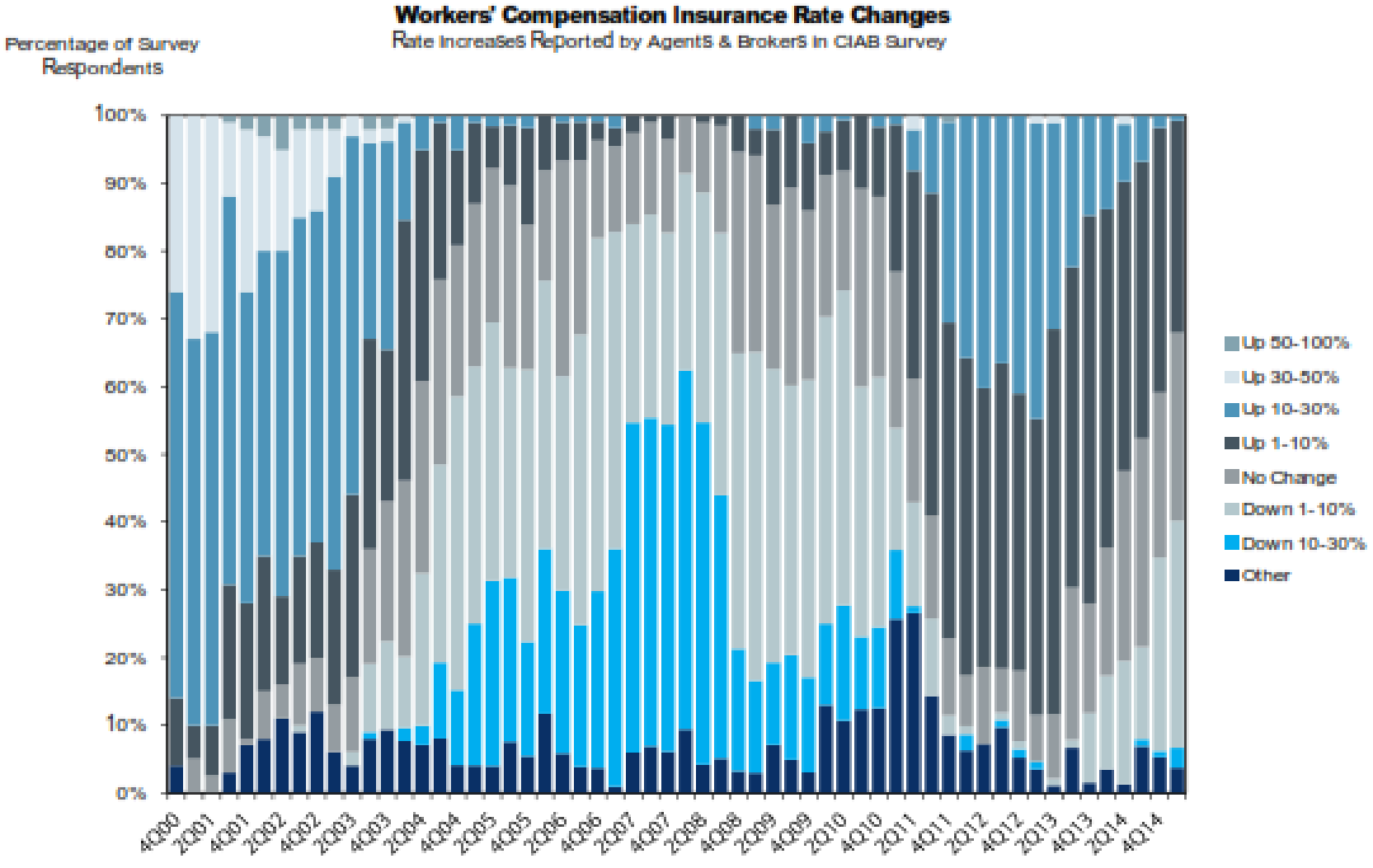
Sources: A.M. Best; Insurance Information Institute.

Workers Comp Rate Changes, 2009:Q1 – 2015:Q1



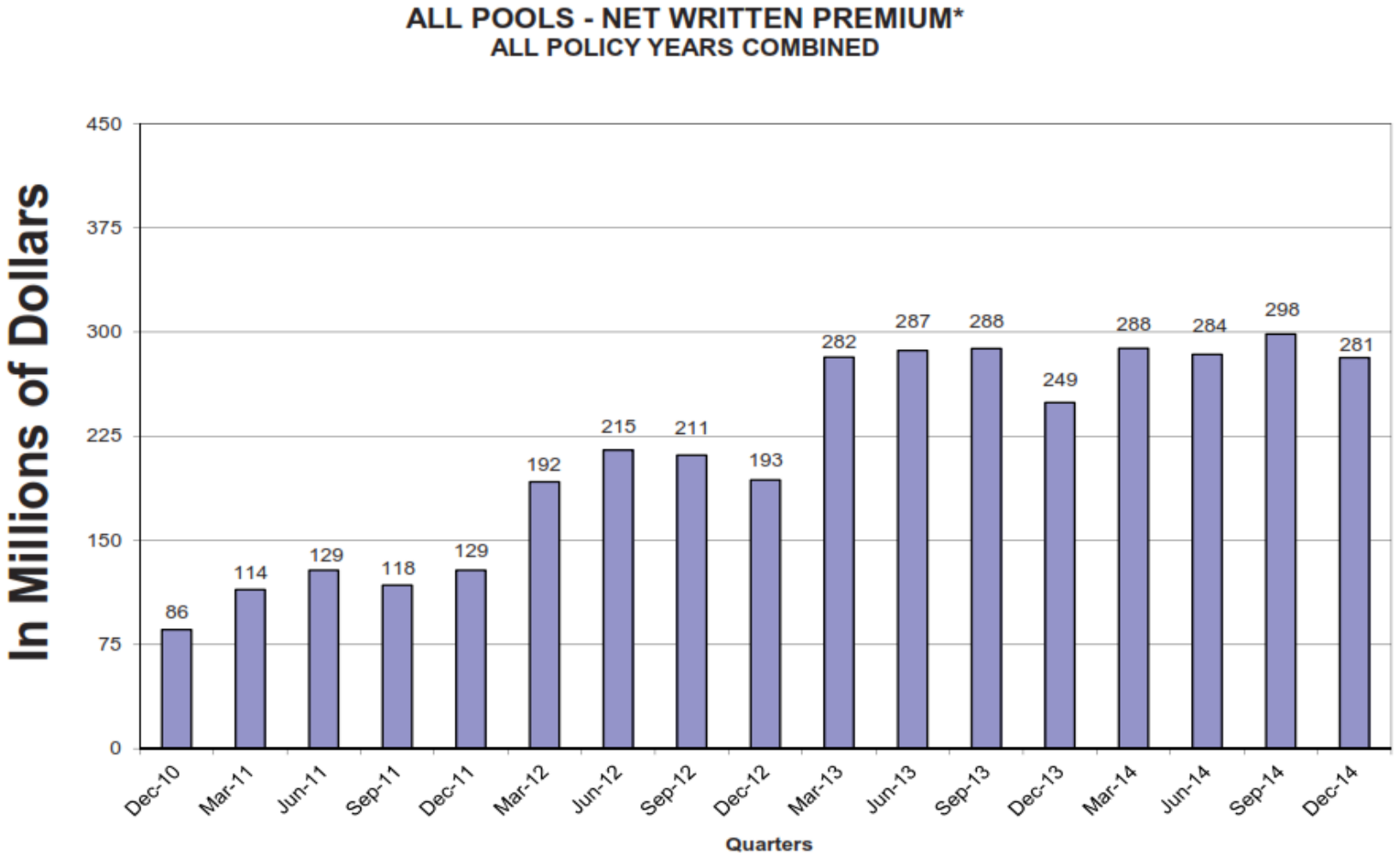
Source: The Council of Insurance Agents and Brokers.

WC Insurance Rate Changes



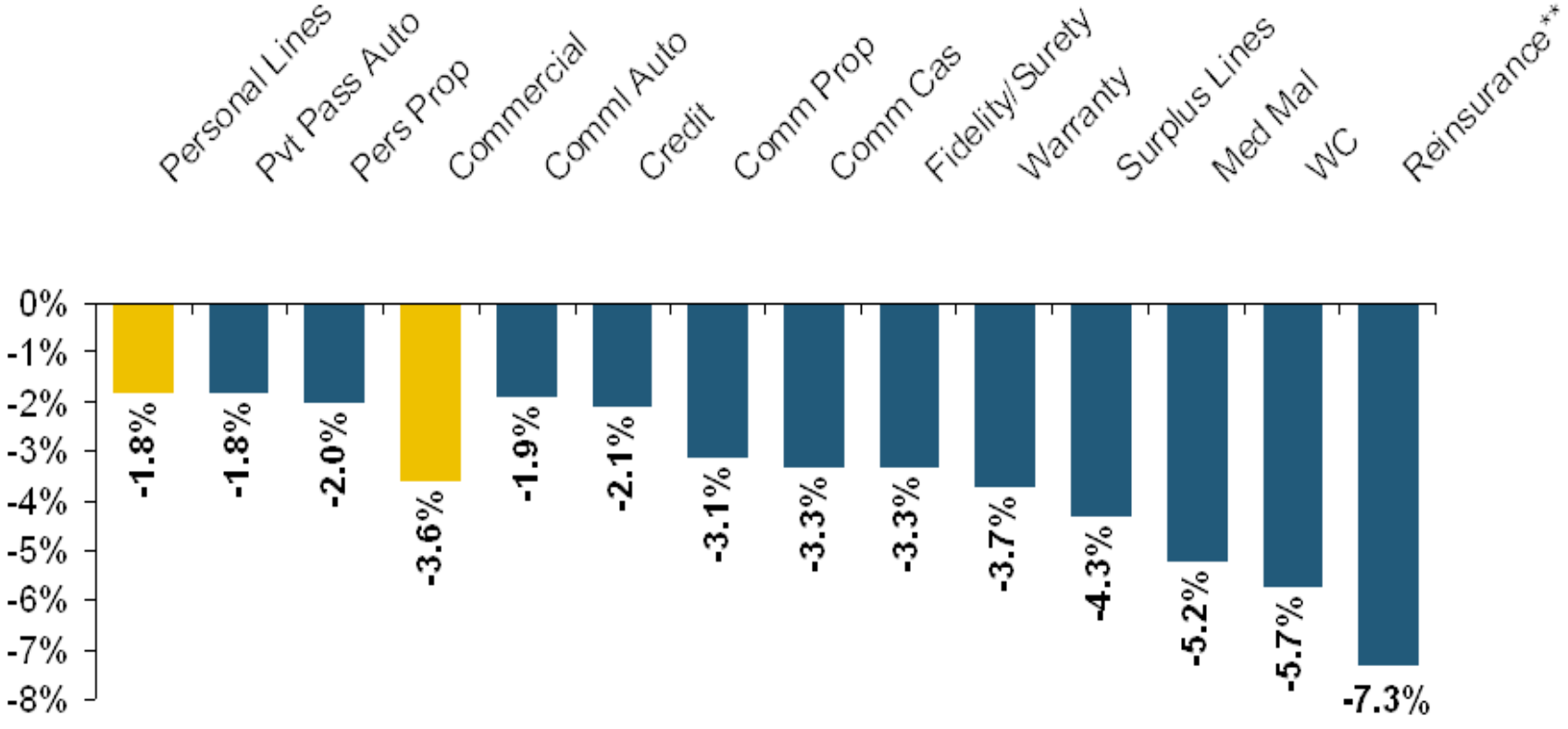
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Residual Market Activity



*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	**$43.26**
52 week range	**$35.15 - $46.89**
Shares Outstanding	**18.9 M**
Market Cap	**$821 M**
Book Value per Share	**$24.32**
Price-to-Book	**1.81**

Market data as of June 1, 2015; Financial data as of March 31, 2015

Selected Balance Sheet Data

(in thousands)

	1Q15	2014	2013
Investments, Cash and cash equivalents	1,153,094	1,107,289	1,001,852
Amounts recoverable from reinsurers	87,377	85,888	75,326
Premiums receivable, net	188,281	178,917	171,579
Deferred income taxes	30,826	31,231	33,645
Deferred policy acquisition costs	20,791	19,649	19,171
Other Assets	34,608	34,246	27,428
Total Assets	1,514,977	1,457,220	1,329,001
Reserves for loss and loss adjustment expenses	704,938	687,602	614,557
Unearned premiums	172,042	168,576	164,296
Insurance-related assessments	30,288	29,315	25,428
Other Liabilities	146,056	124,579	107,906
Shareholders' equity	461,653	446,968	416,814
Metrics			
Book Value Per Share	$24.32	$23.65	$22.41

Income Statement

(in thousands)

	1Q15	2014	2013
Revenues:			
Gross premiums written	$100,789	$393,819	$372,177
Ceded premiums written	(2,536)	(13,793)	(18,425)
Net premiums written	$98,253	$380,026	$353,752
Net premiums earned	$94,787	$375,747	$329,983
Net investment income	6,833	27,214	27,029
Net realized gains (losses) on investments	59	697	(1,211)
Fee and other income	109	361	534
Total revenues	101,788	404,019	356,335
Expenses:			
Loss and loss adjustment expenses incurred	60,006	244,916	228,973
Underwriting and other operating costs	20,370	84,963	67,116
Policyholder dividends	215	391	1,042
Total expenses	80,591	330,270	297,131
Income before taxes	21,197	73,749	59,204
Income tax expense	6,067	20,083	15,567
Net income	$15,130	$53,666	$43,637