AMERISAFE

KBW Insurance Conference
September 7, 2016



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Chief Executive Officer

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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, 2015. 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.

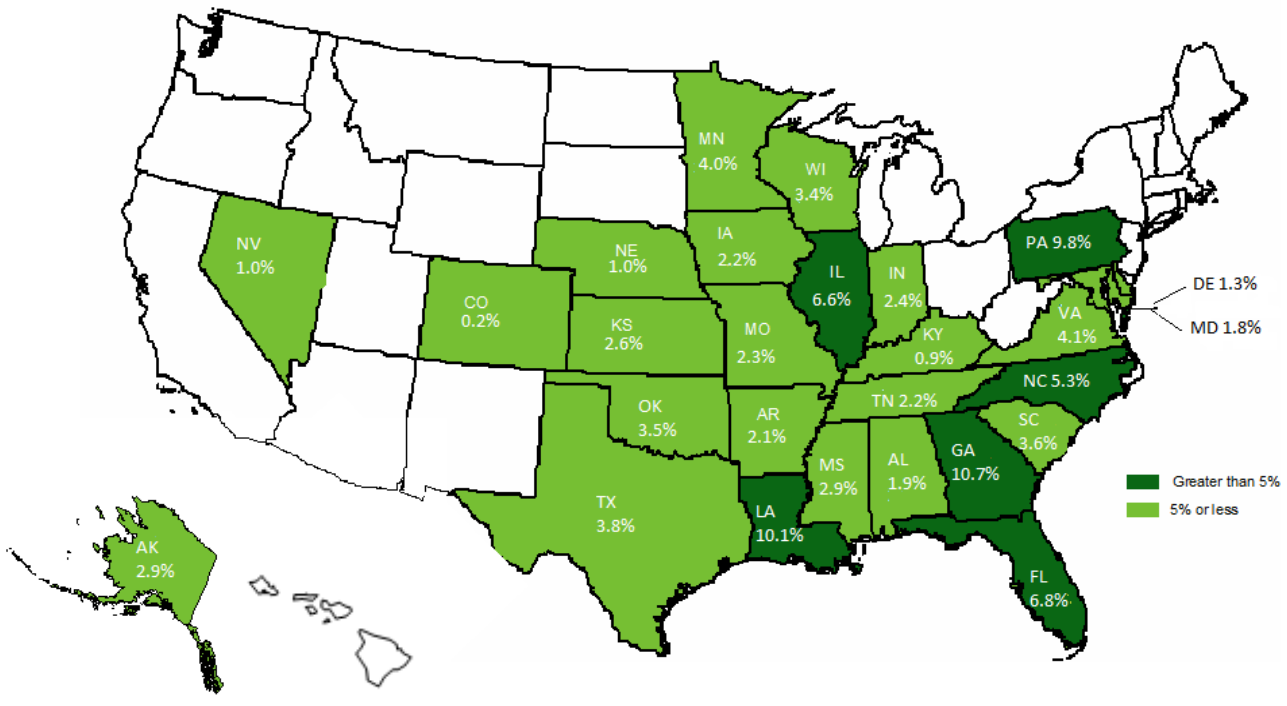
Overview

AMERISAFE has a 30-year operating history as a specialty provider of workers' compensation insurance for small to mid-sized employers engaged in high hazard industries

2016 YTD Highlights

- GPW Growth: -1.5%
- Combined ratio: 75.5%
- ROAE: 17.2%

Premium Distribution by State

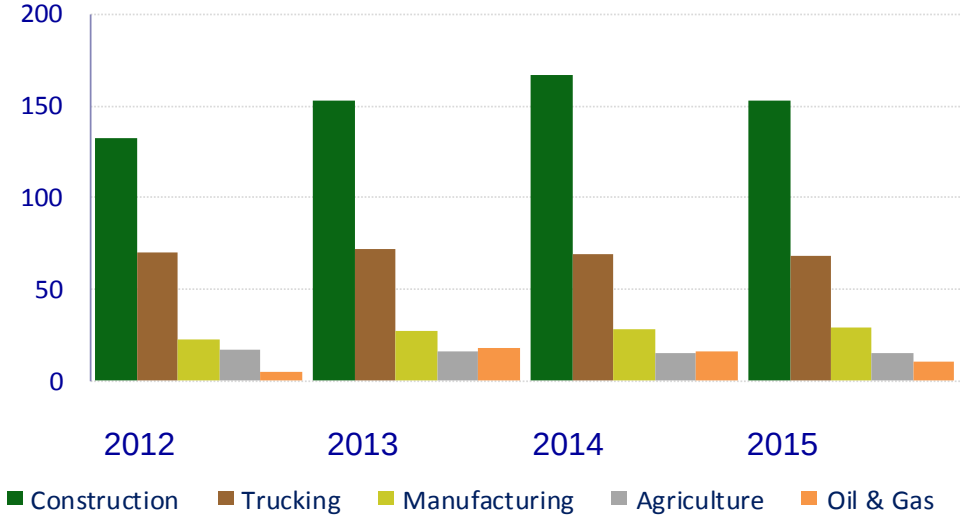


AMERISAFE actively markets insurance in 27 states

Premium Distribution

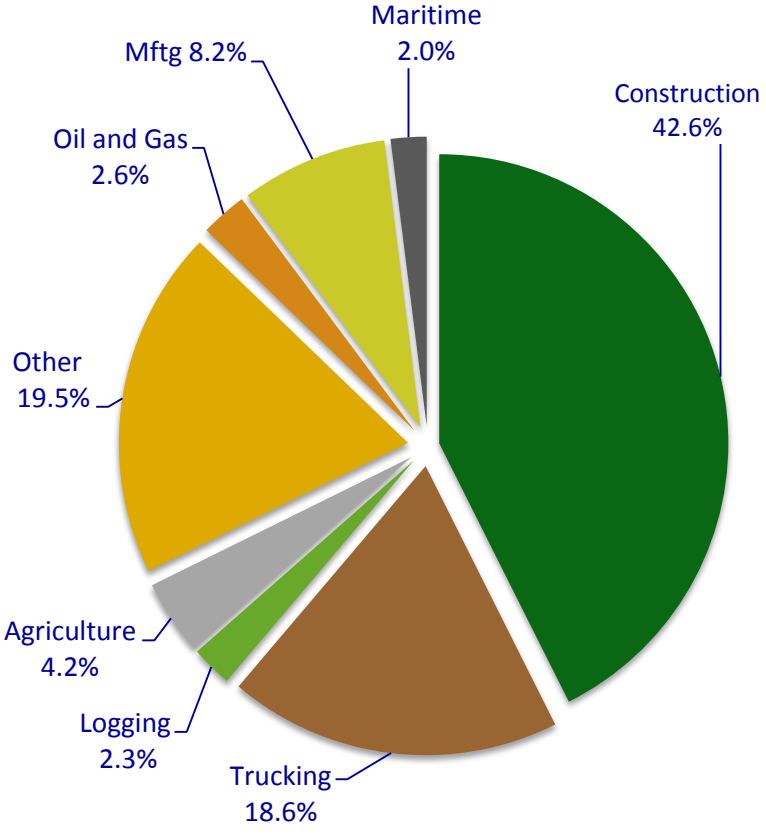
Historical Premium Distribution of Major Industry Groups

(in $ millions)



Premium Distribution by Industry as of 12/31/15

*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

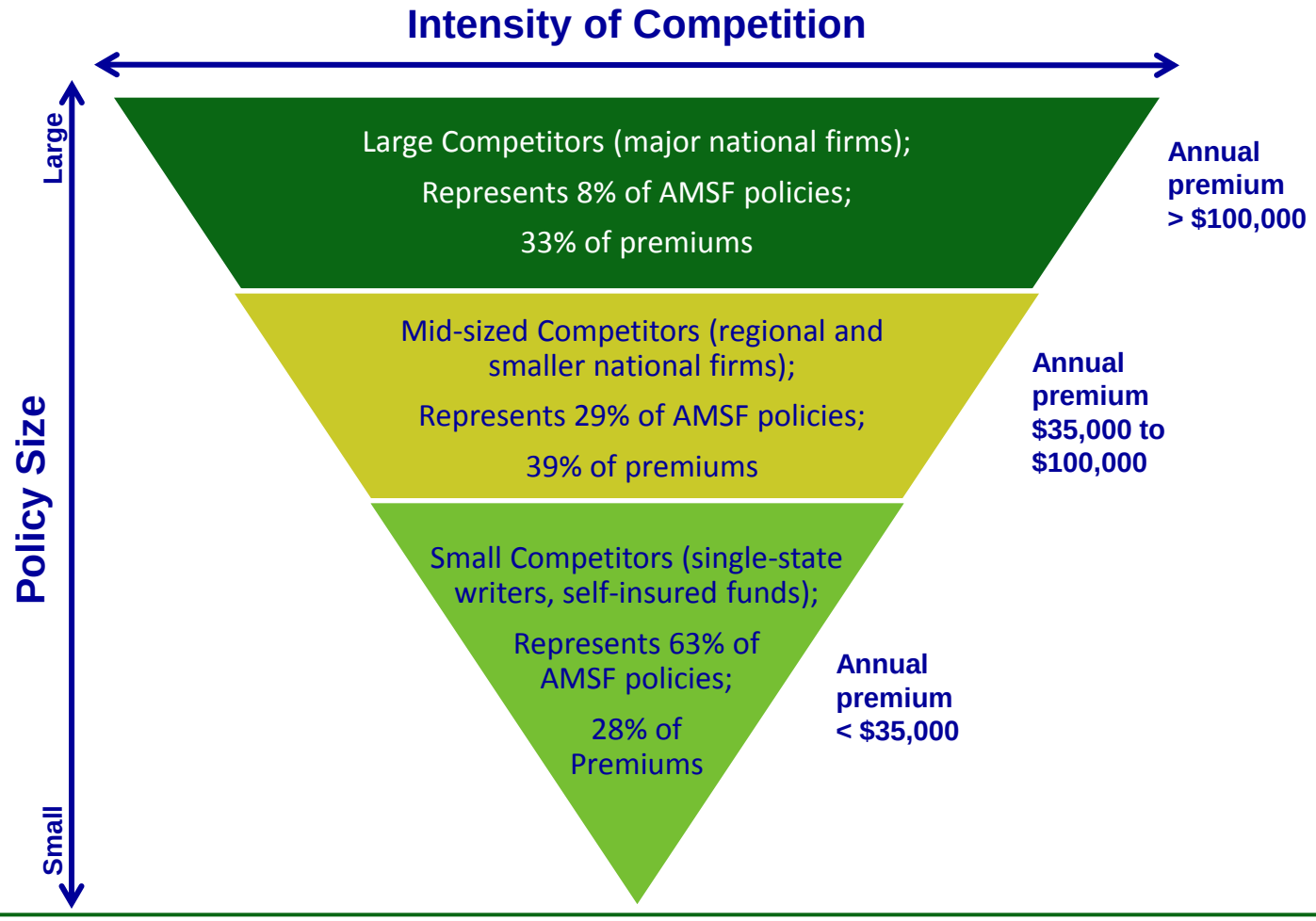
- Field Safety Professionals (FSPs) maintain in-depth knowledge of high hazard industries
- Pre-quotation, worksite safety inspection performed on 90% of new accounts
- FSPs geographically dispersed

Intensive Claims Management

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

Amerisafe Customer Overview

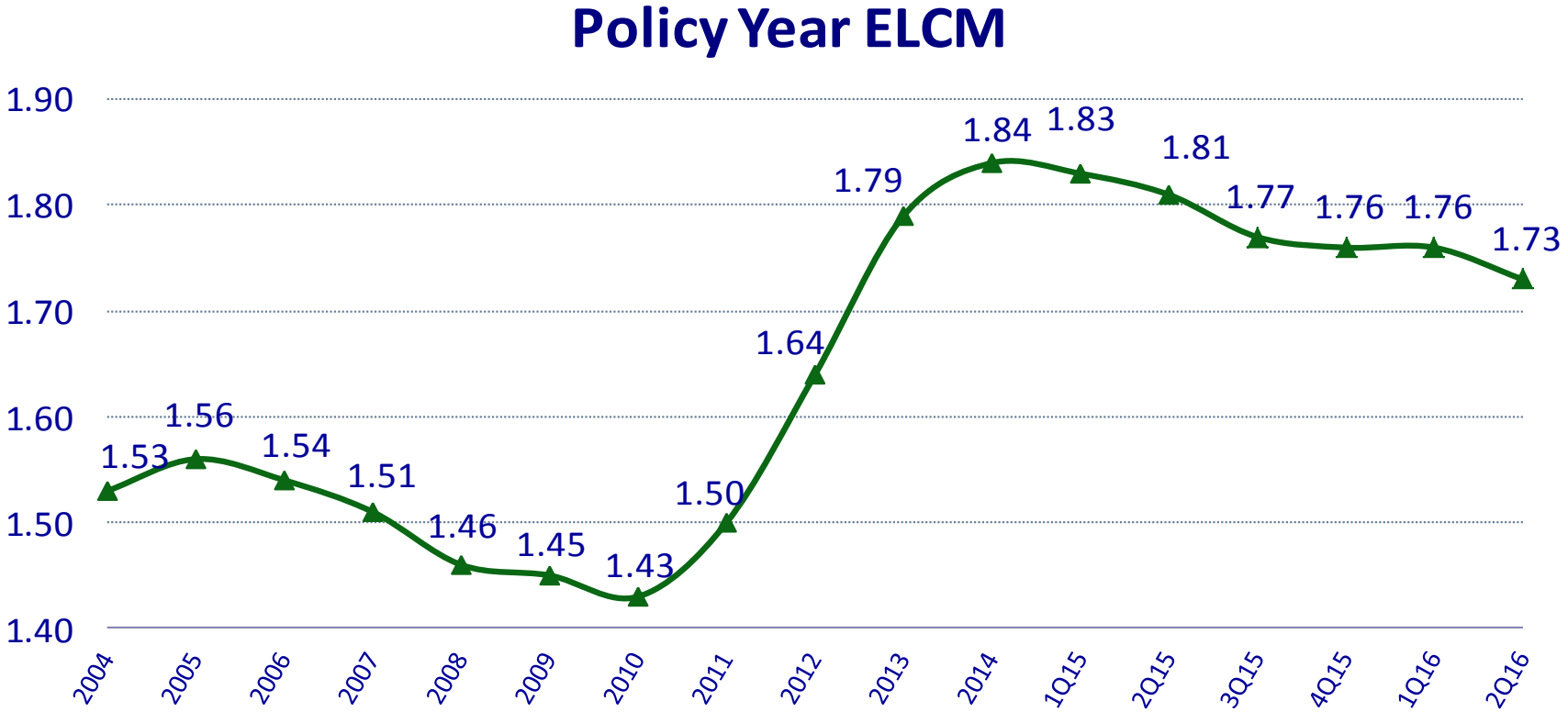
- Competition is fragmented, and favors multi-state writers of small to mid-sized employers



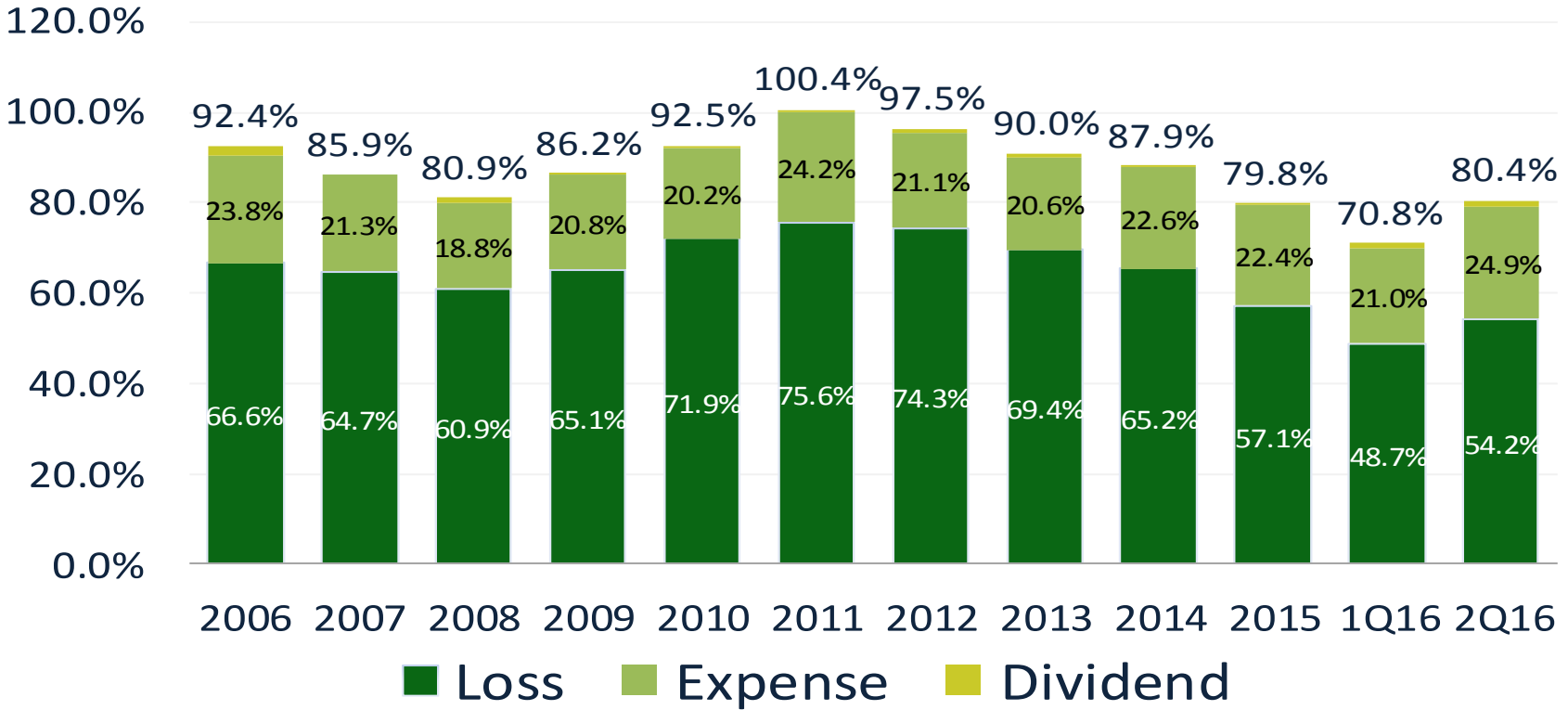
As of 12/31/2015

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 89.4 % last ten years

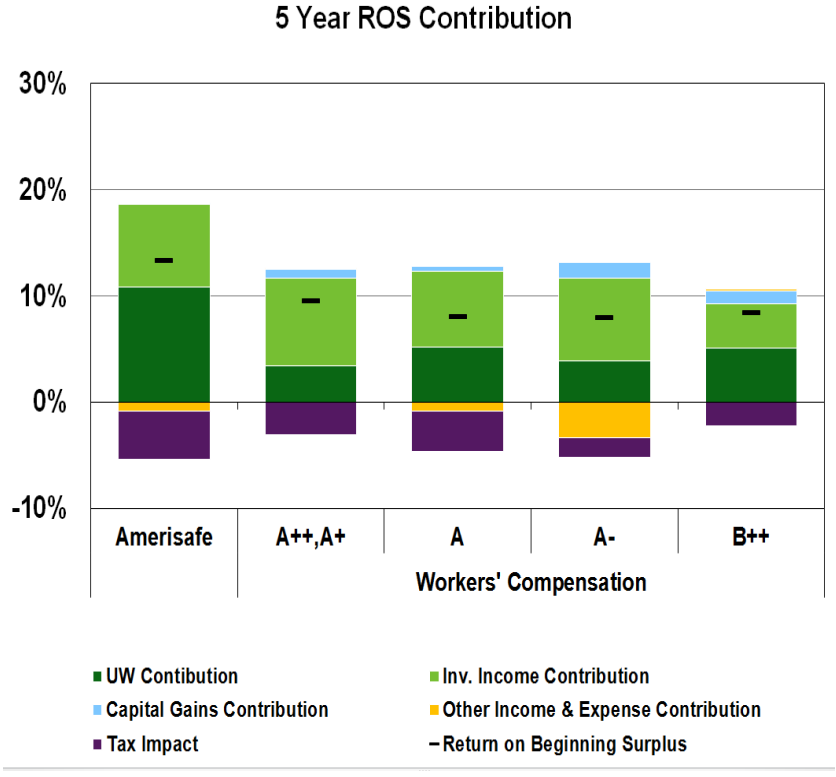
Economic Model - ROE Drivers

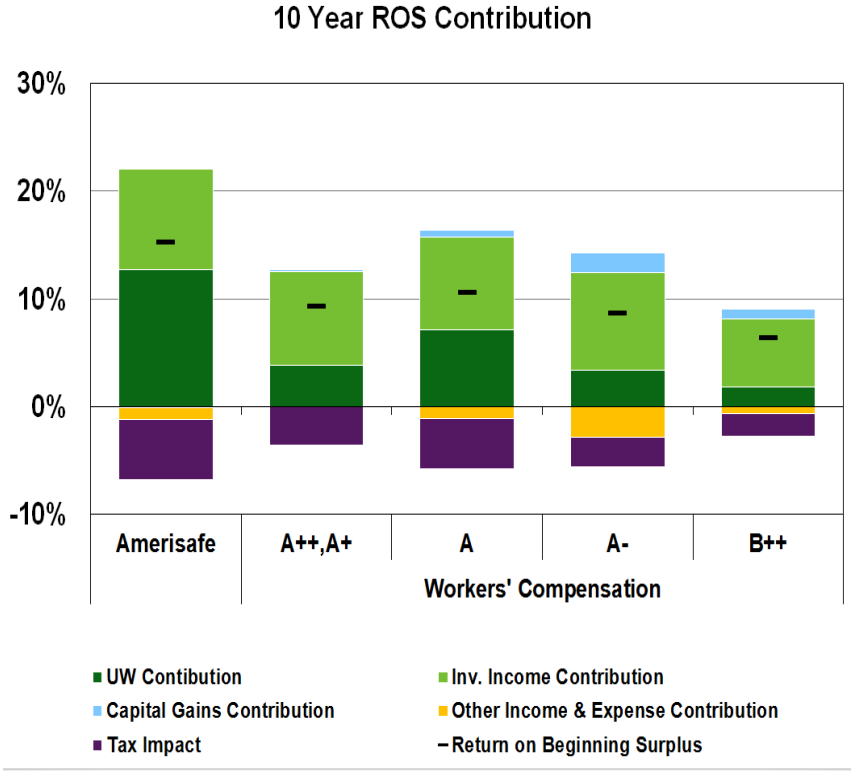
	1H16
Loss Ratio	51.4%
+	
Expense Ratio	22.9%
+	
Policyholder Dividend Ratio	1.2%
=	
Combined Ratio	75.5%
Underwriting Profit	24.5%
x	
Operating Leverage	0.79
=	
Pre-tax ROAE from Underwriting	19.4%
Pre-tax Investment Yield	2.1%
x	
Investment Leverage	2.4
=	
Pre-tax ROAE from Investing	5.1%
Pre-tax ROAE from Other Income (Expense)	0.3%
Pre-tax ROAE	24.8%
Effective Tax Rate	30.7%
ROAE	17.2%

❖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





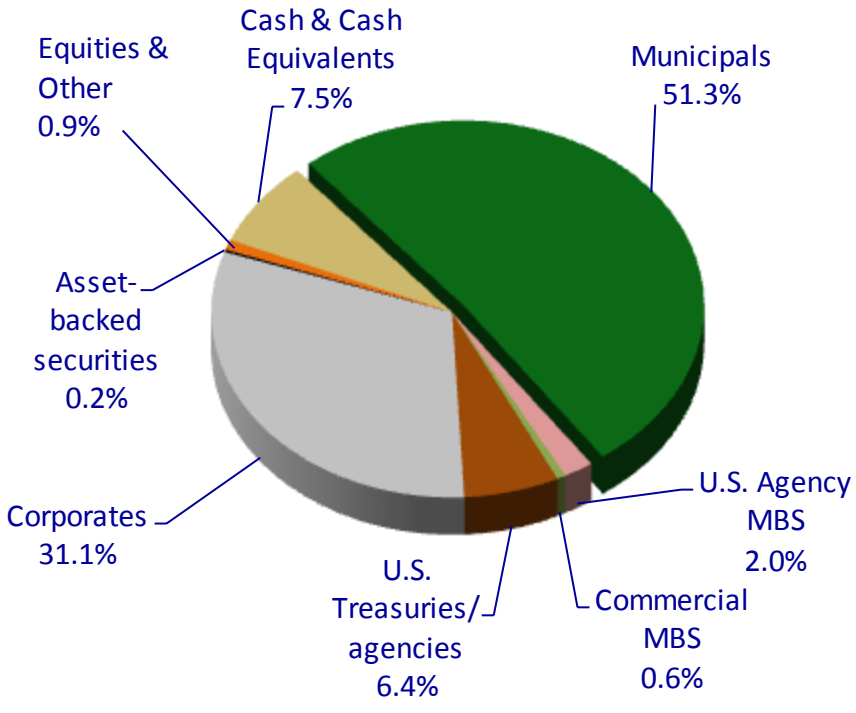
Amerisafe continues to outperform A.M. Best rated workers' compensation peer group, due to primarily to favorable underwriting performance

As of December, 2015; Source: Willis Towers Watson; A.M. Best Data

Investment Portfolio

Portfolio Allocation

(as of 6/30/2016)



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

(as of 6/30/2016)

Investment	Book Value ($millions)	Fair Value ($millions)	Unrealized Gain (Loss)
Municipals	$423.6	$442.7	$19.1
Corporate Bonds	$163.6	$165.3	$1.7
Commercial MBS	$6.7	$6.7	$0.0
U.S. Agency MBS	$11.9	$13.1	$1.2
U.S. Treasuries	$12.3	$13.3	$1.0
ABS	$2.1	$2.2	$0.1
Total	**$620.2**	**$643.3**	**$23.1**

- Carrying value of cash and investments was $1.2 billion at June 30, 2016
- As of June 30, 2016, fixed-maturity securities have an average composite credit rating of “AA-”

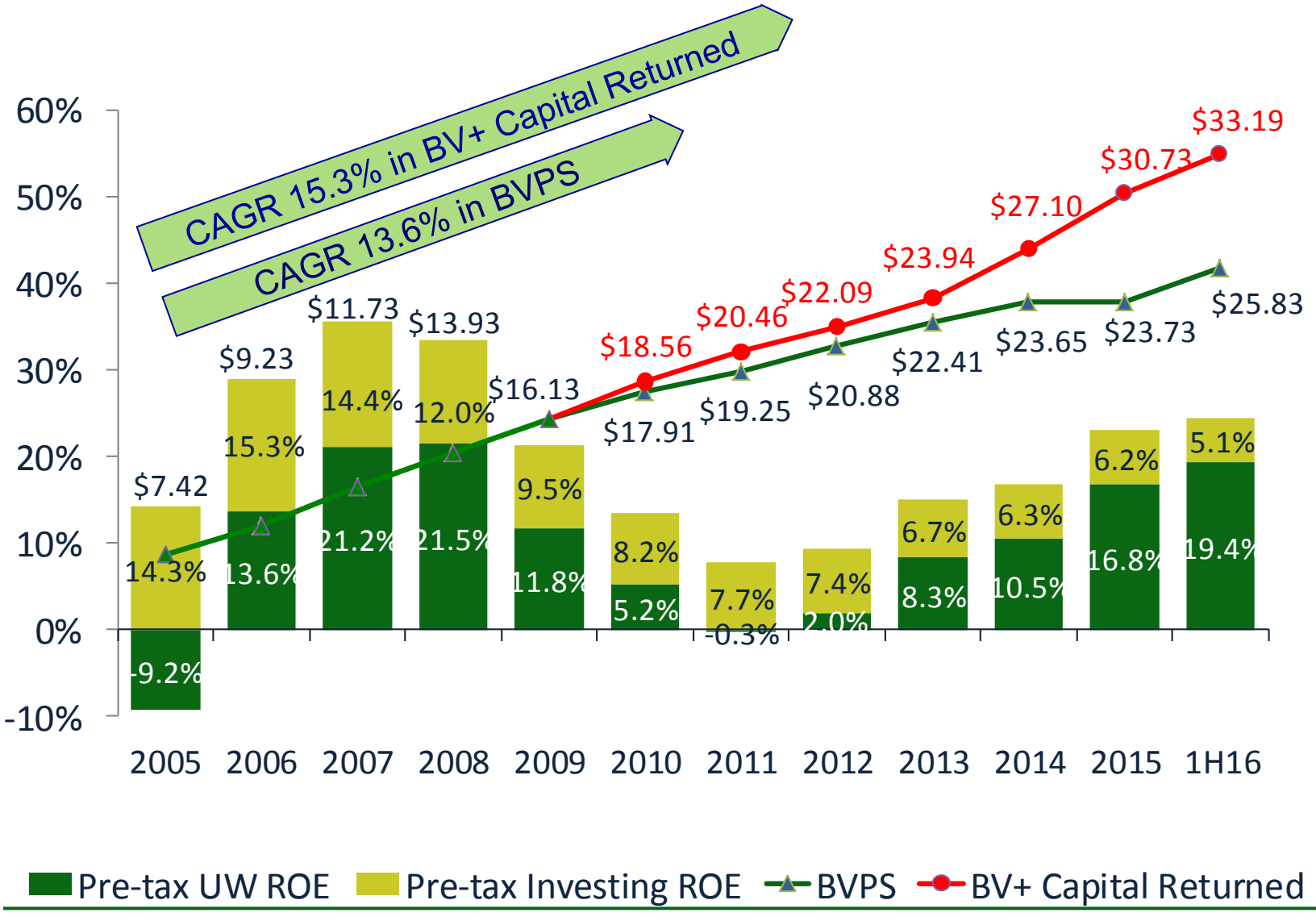
Capital Management

- 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
  - $118.9M of dividends paid/declared
    - Extraordinary Dividends $28.2M in 2014; $57.4M in 2015

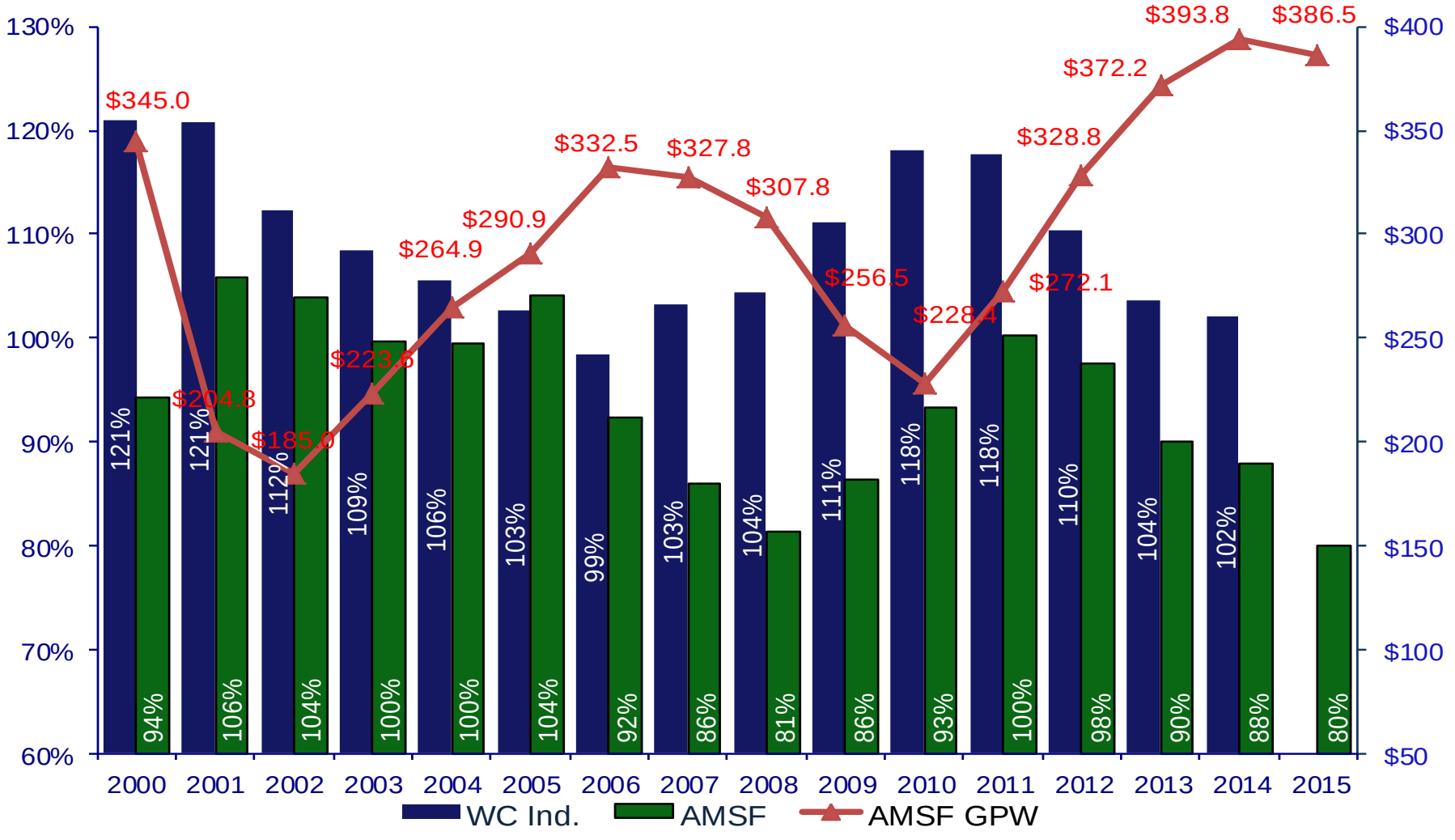
- Current Capital Deployment Strategies
  - Organic growth
  - Acquisition considerations
    - Renewal rights
    - Balance sheet
  - Continued dividend payments
  - $25M Share repurchase authorization

Historical Financial Performance



Current Workers' Compensation Market Conditions

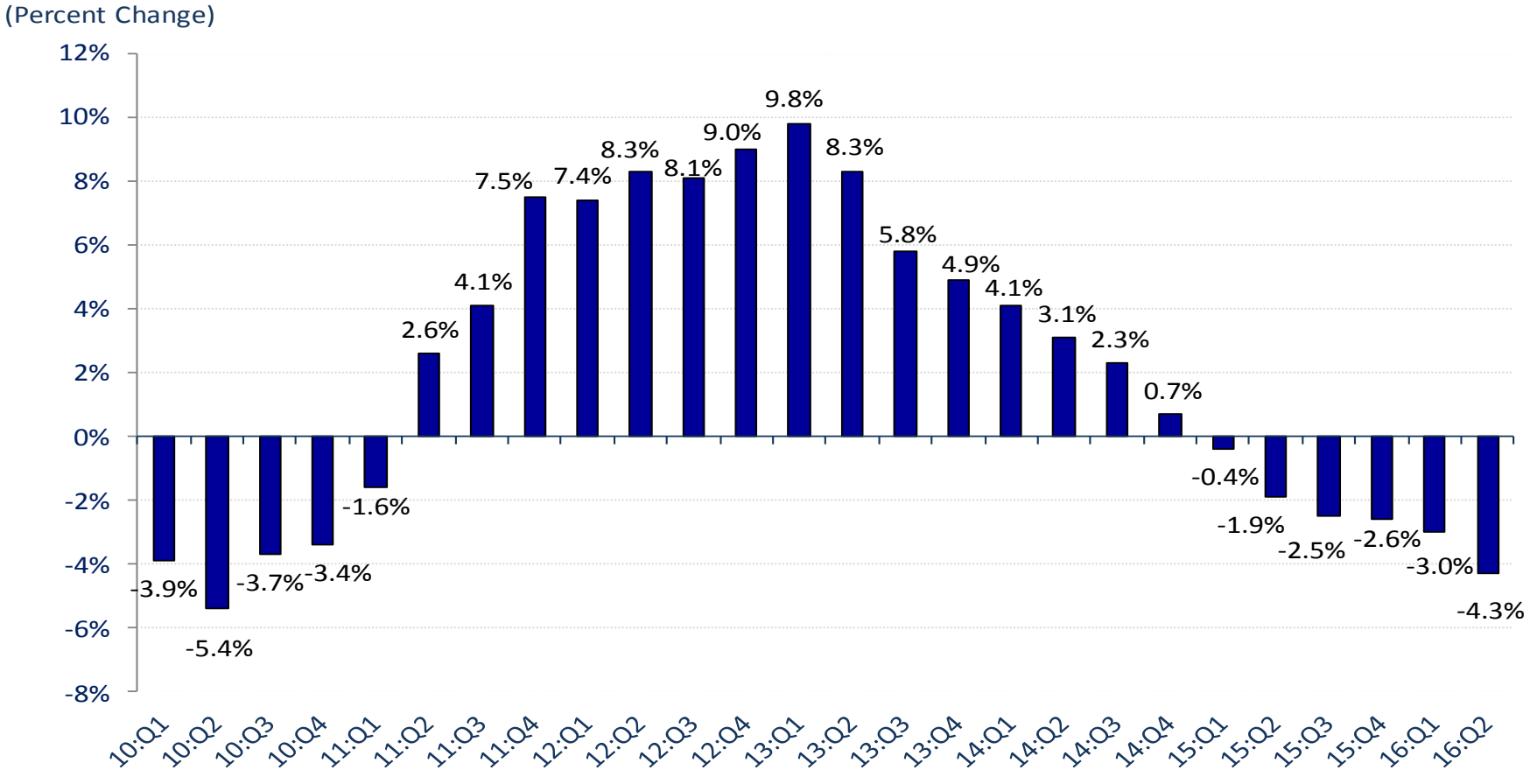
WC Industry Combined Ratio



- AMSF Average Outperformance 14.5 pts., Since 2000
- AMSF Average Outperformance 17.2 pts., Since 2006

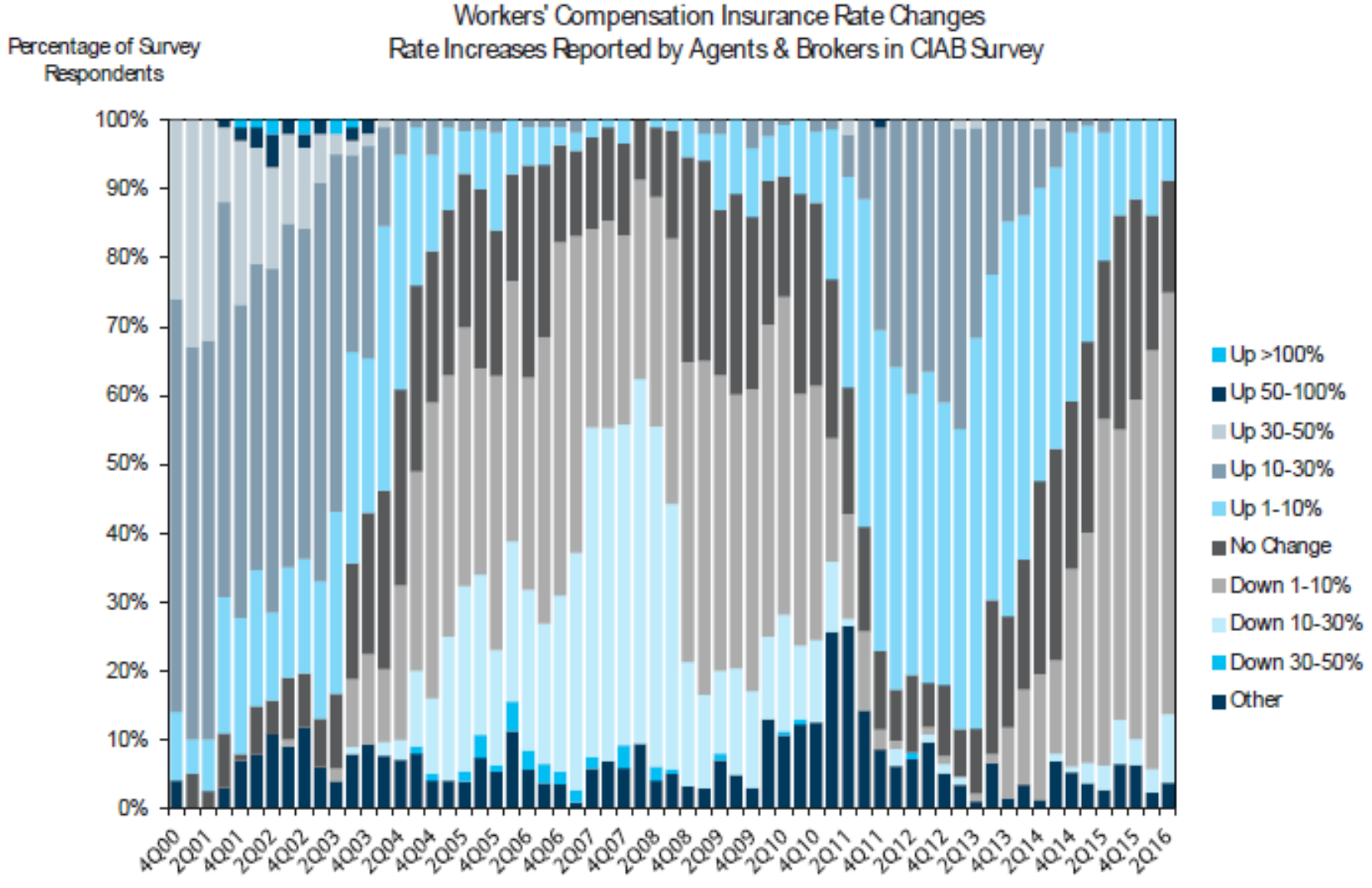
Sources: A.M. Best; Workers' Compensation Composite

Workers Comp Rate Changes, 2010:Q1 – 2016:Q2



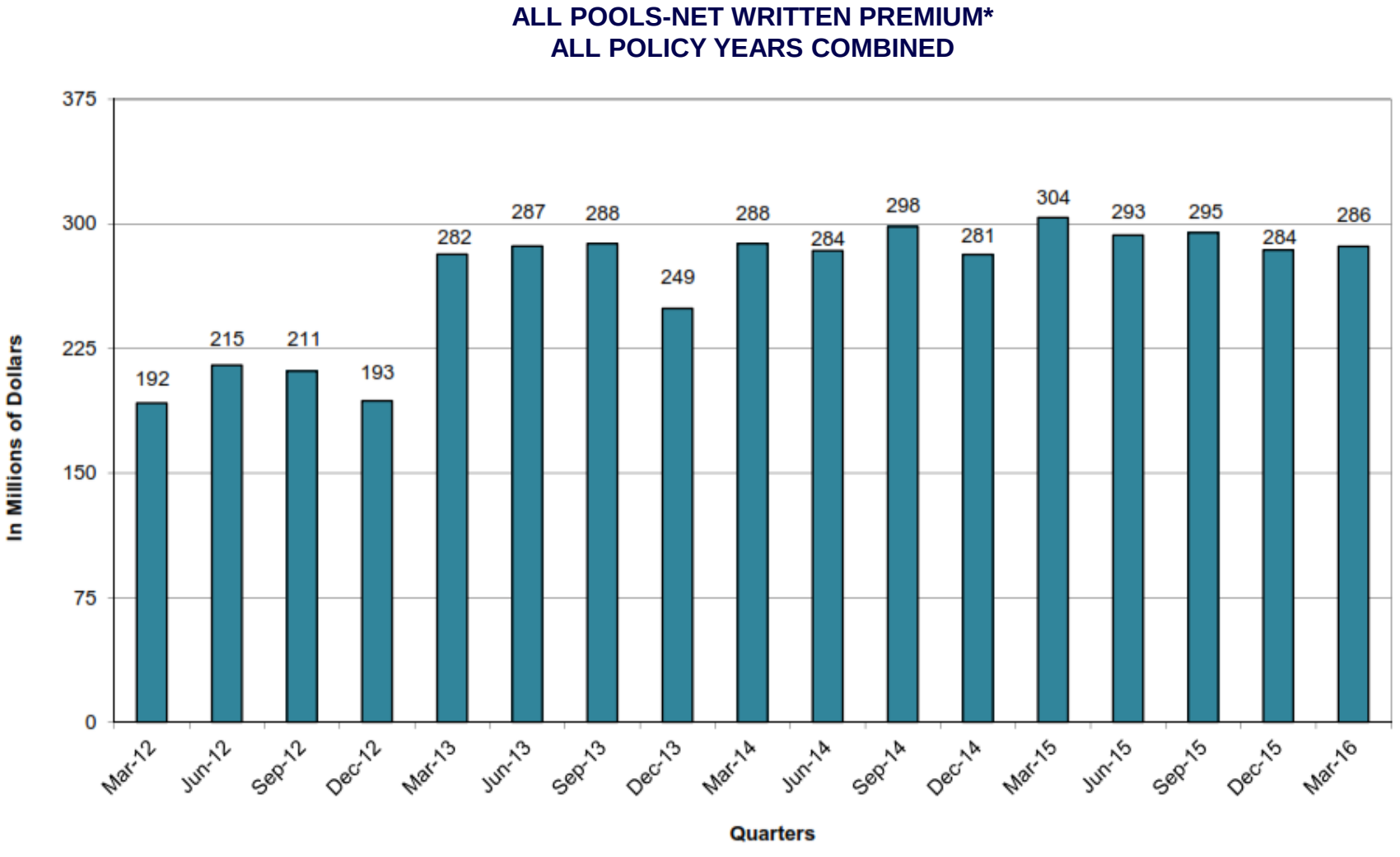
Source: The Council of Insurance Agents and Brokers.

WC Insurance Rate Changes



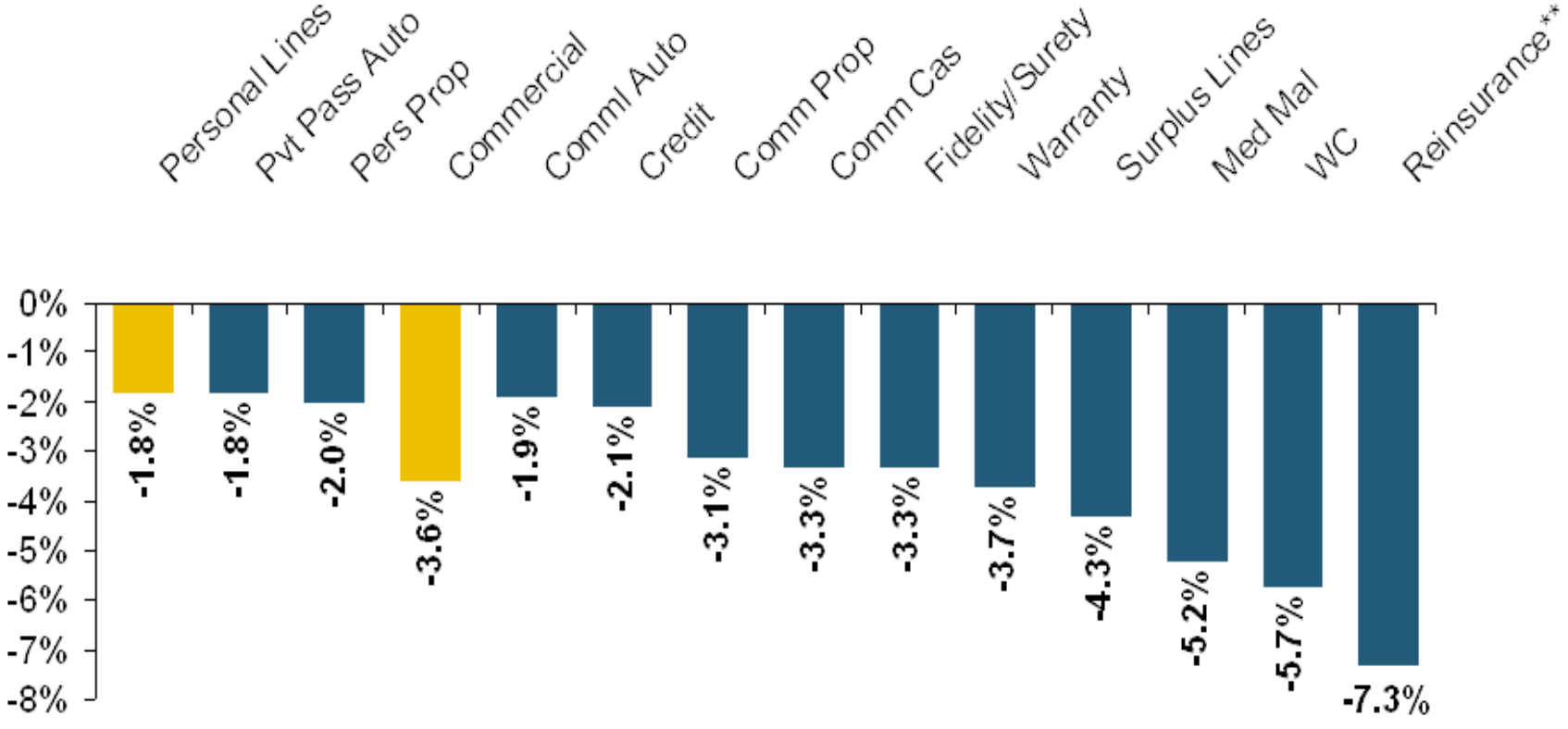
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

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	**$59.00**
52 week range	**$45.50 - $64.97**
Shares Outstanding	**19.2 M**
Market Cap	**$1.13 B**
Book Value per Share	**25.83**
Price-to-Book	**2.28**

Market data as of August 27, 2016; Financial data as of June 30, 2016

Selected Balance Sheet Data

(in thousands)

	1H16	2015	2014
Investments, Cash and cash equivalents	$1,179,064	$1,114,633	$1,107,289
Amounts recoverable from reinsurers	94,256	91,077	85,888
Premiums receivable, net	208,235	185,364	178,917
Deferred income taxes	26,531	29,905	31,231
Deferred policy acquisition costs	20,675	20,412	19,649
Other Assets	66,008	60,654	34,246
Total Assets	1,594,769	1,502,045	1,457,220
Reserves for loss and loss adjustment expenses	725,549	718,033	687,602
Unearned premiums	179,800	167,983	168,576
Insurance-related assessments	36,478	32,329	29,315
Other Liabilities	156,995	129,719	124,579
Shareholders' equity	495,947	453,981	446,968
Metrics			
Book Value Per Share	$25.83	$23.73	$23.65

Income Statement

(in thousands)

	1H16	2015	2014
Revenues:			
Gross premiums written	$203,606	$386,529	$393,819
Ceded premiums written	(5,101)	(11,228)	(13,793)
Net premiums written	$198,505	$375,301	$380,026
Net premiums earned	$186,689	$375,894	$375,747
Net investment income	12,245	27,902	27,214
Net realized gains (losses) on investments	793	(2,494)	697
Fee and other income	171	(348)	361
Total revenues	199,898	400,954	404,019
Expenses:			
Loss and loss adjustment expenses incurred	95,887	214,573	244,916
Underwriting and other operating costs	42,695	84,113	84,963
Policyholder dividends	2,306	1,301	391
Total expenses	140,888	299,987	330,270
Income before taxes	59,010	100,967	73,749
Income tax expense	18,114	30,505	20,083
Net income	$40,896	$70,462	$53,666