

JUNE, 2018

B. RILEY FBR SECURITIES INVESTOR MEETINGS

Neal A. Fuller

Chief Financial Officer

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Chief Risk 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,” 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 if the underlying assumptions prove to be incorrect or 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 AMERISAFE’s Annual Report on Form 10-K for the year ended December 31, 2017. 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.

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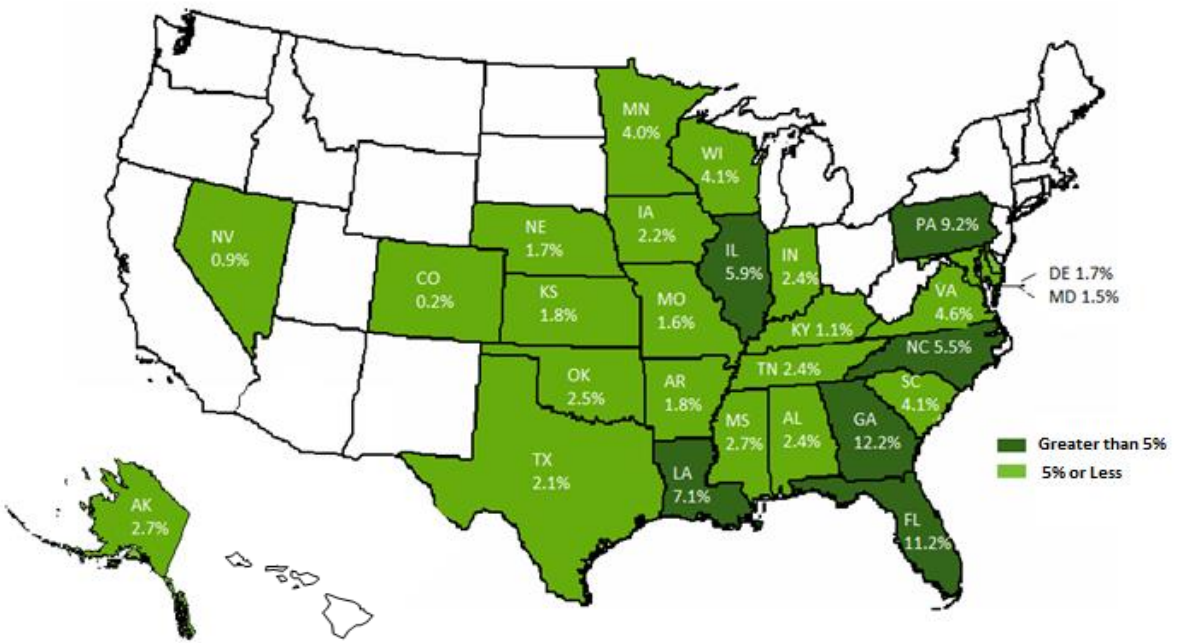
OVERVIEW

AMERISAFE has a 31-year operating history as a specialty provider of workers' compensation insurance for small to mid-sized employers engaged in high hazard industries.

1Q18 HIGHLIGHTS

- GPW Growth: 2.4%
- Combined ratio: 85.6%
- Operating ROE: 15.4%

2017 Premium Distribution by State



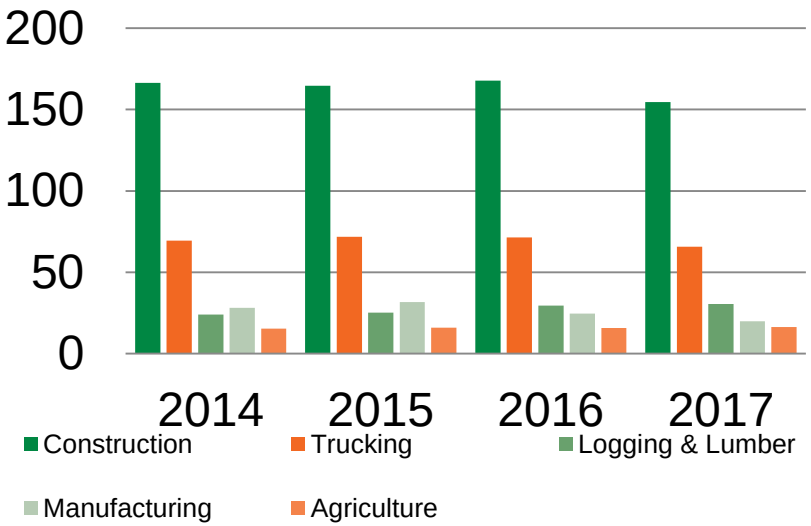
AMERISAFE actively markets insurance in 27 states.

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PREMIUM DISTRIBUTION

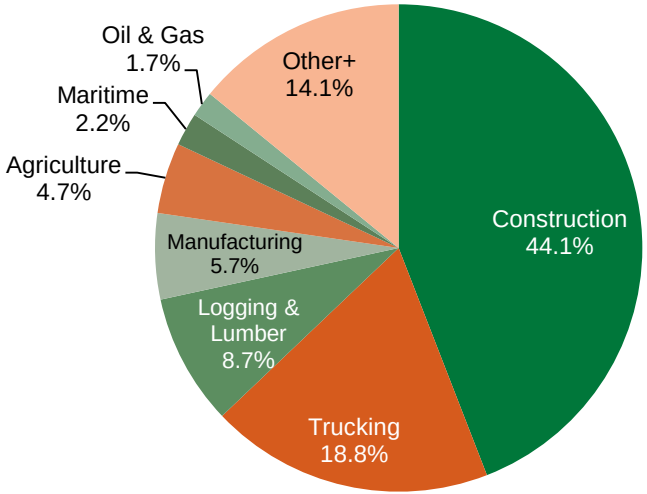
Historical Premium Distribution of Major Industry Groups

(in $ millions)



Premium Distribution by Industry as of 12/31/17

**Includes Assigned Risk & Assumed premiums*



[+]Other includes a wide variety of high-hazard business including cell phone tower service and repair, window washers, metal and scrap iron dealers, and other businesses.

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PILLARS OF DISTINCTION

AMERISAFE

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 93% of new accounts
- FSPs geographically dispersed

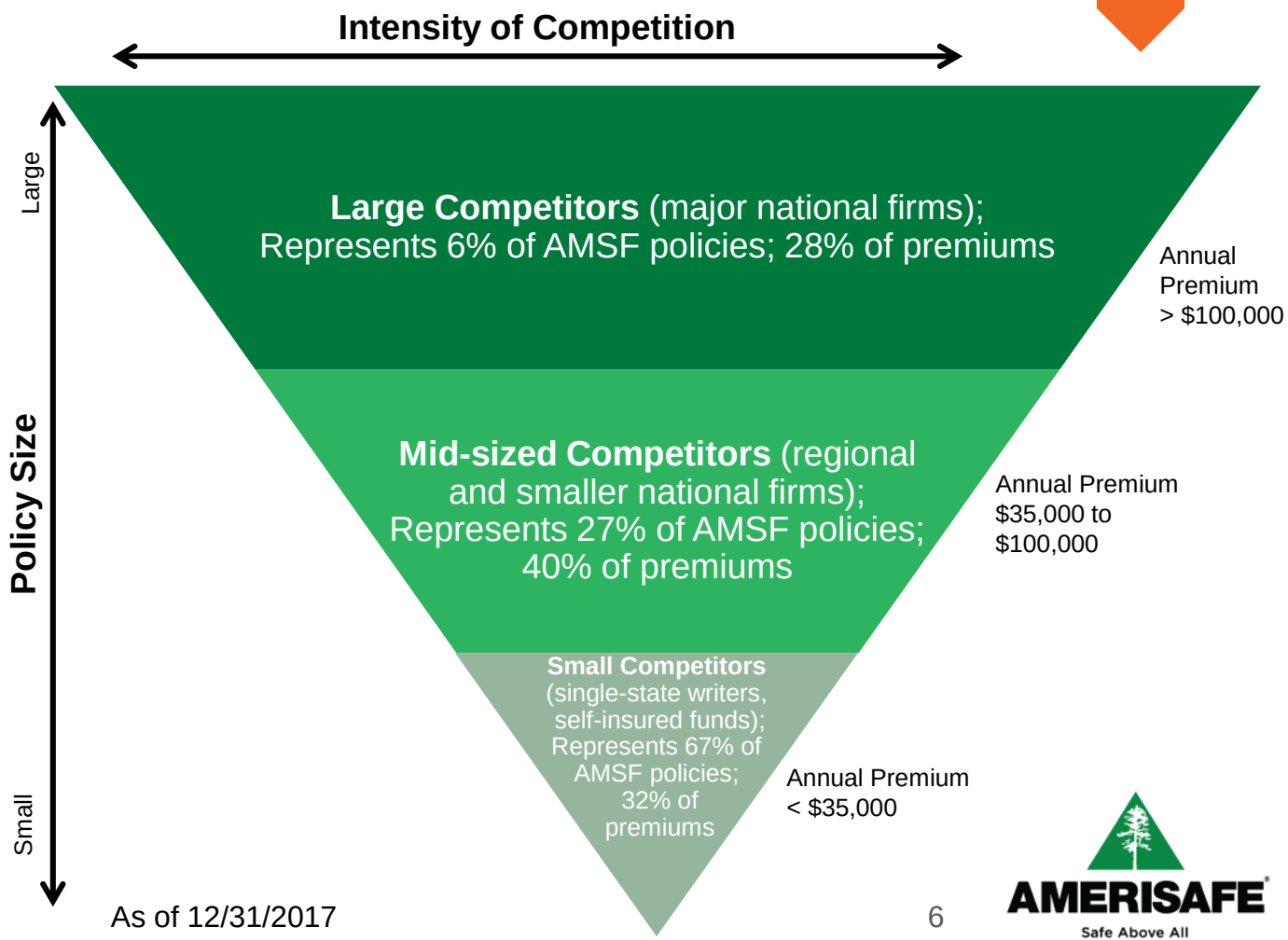
Intensive Claims Management

- Field Case Managers (FCMs) located in service areas
- Low case load 49 claims per FCM
- Higher severity losses require unique claims handling skills and processes
- FCMs focus on timely resolution of claims

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AMERISAFE CUSTOMER OVERVIEW

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

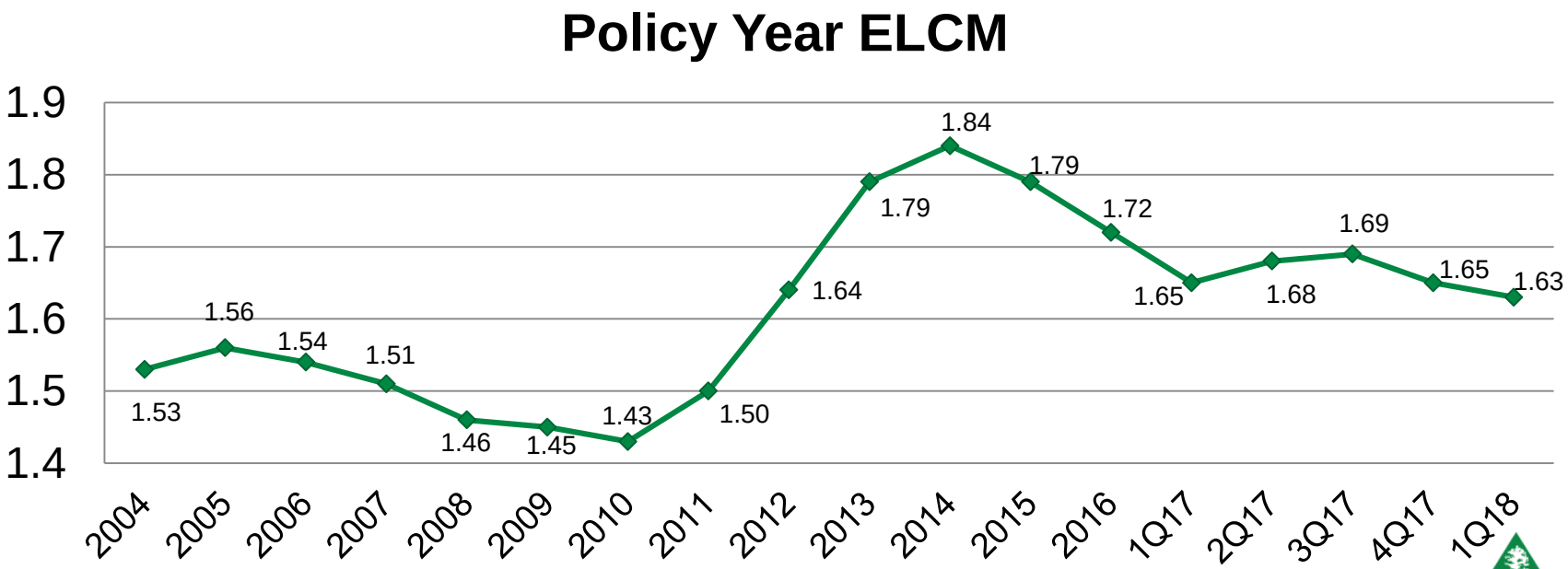


As of 12/31/2017

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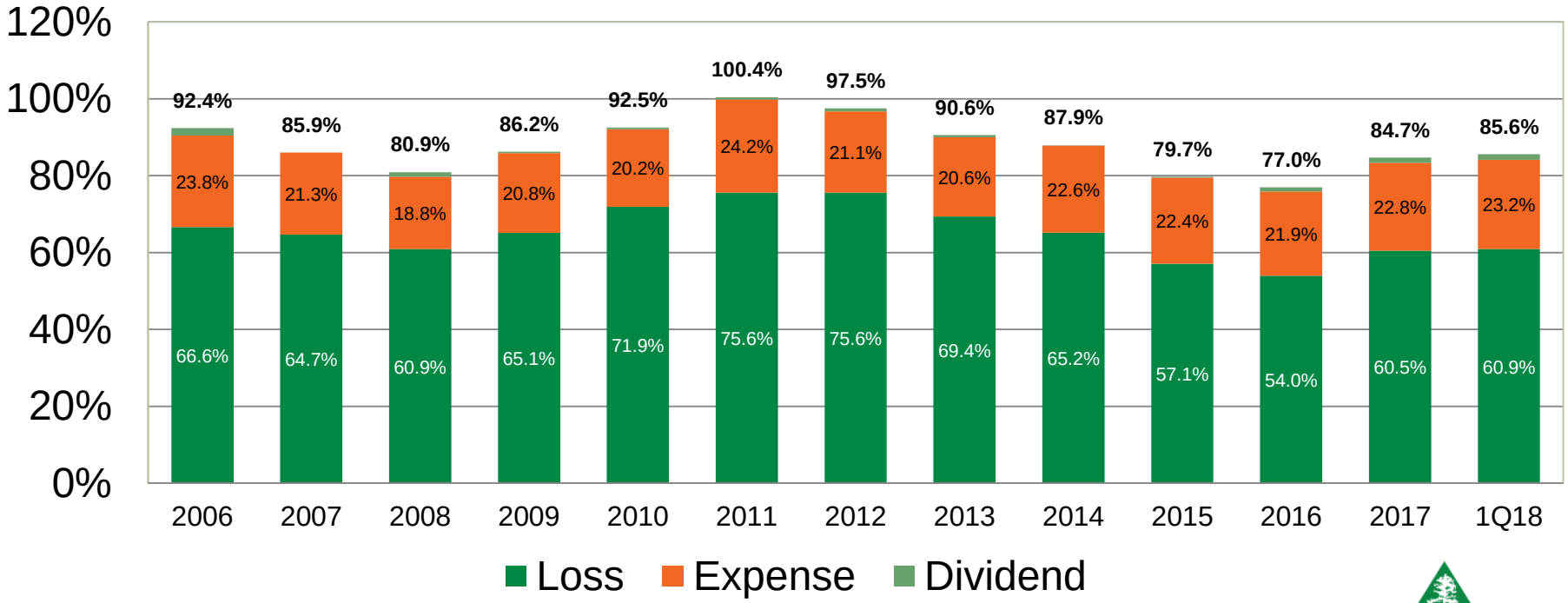
PRICING FOR PROFITABILITY

- 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



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COMBINED RATIO



Consistently profitable underwriting

- Average 87.9 % combined ratio over the last twelve years

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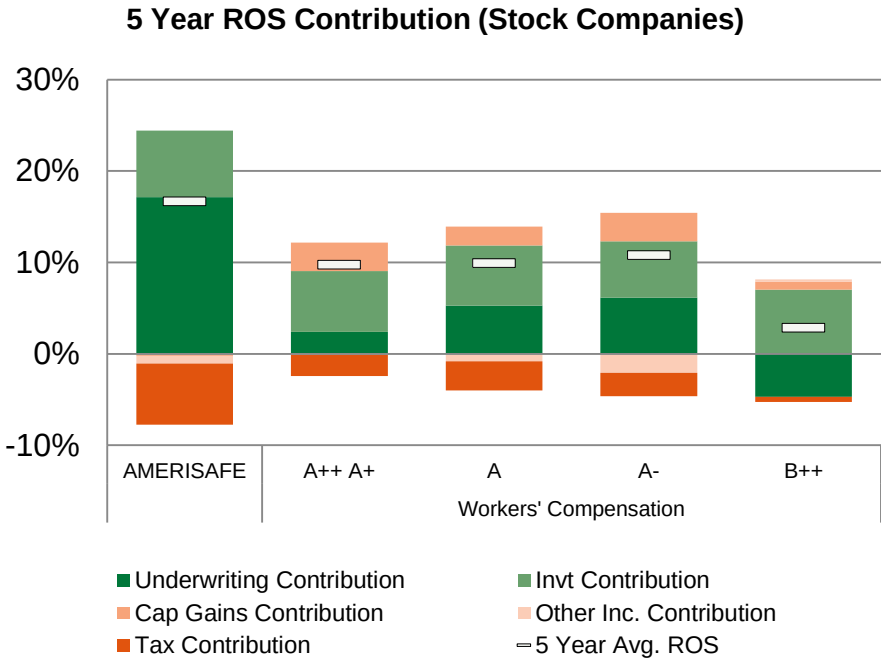
ECONOMIC MODEL – ROE DRIVERS

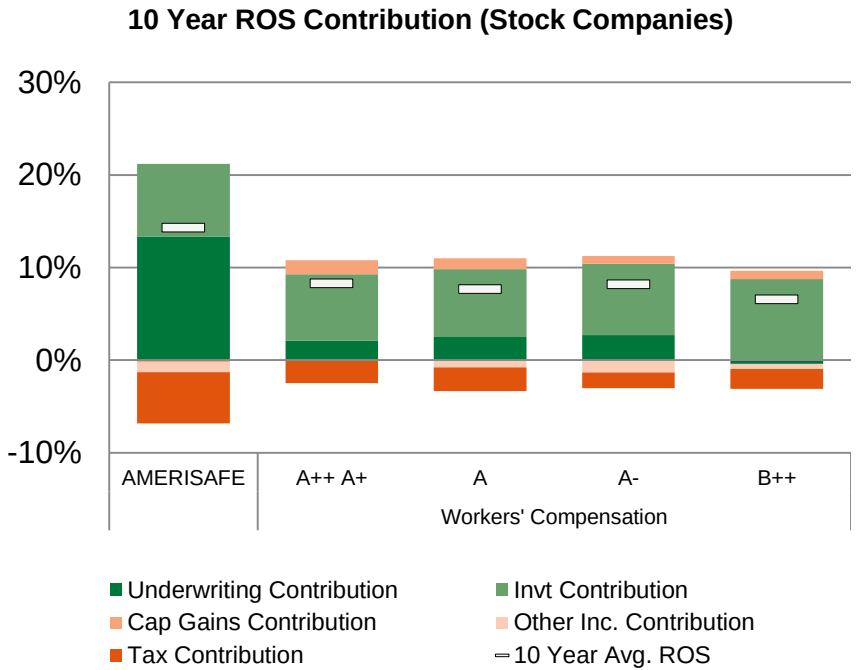
- Effective tax rate is lower in 2018 as a result of new lower corporate tax rate
- Imperative to execute on the fundamentals of underwriting, safety and claims with investment yields at current levels
- At current leverage ratios, a 1 point change in Loss Ratio equates to a 30 bps change in yield to maintain ROE

	1Q18
Loss Ratio	60.9%
+	
Expense Ratio	23.2%
+	
Policyholder Dividend Ratio	1.5%
=	
Combined Ratio	85.6%
Underwriting Profit	14.4%
x	
Operating Leverage	0.79
=	
Pre-tax ROAE from Underwriting	11.4%
Pre-tax Investment Yield	2.6%
x	
Investment Leverage	2.7
=	
Pre-tax Operating ROAE from Investing	7.0%
Pre-tax Operating ROAE from Other Income (Expense)	0.1%
Pre-tax Operating ROAE	18.5%
Effective Tax Rate	16.7%
ROAE	15.4%

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CONTRIBUTIONS TO RETURNS





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

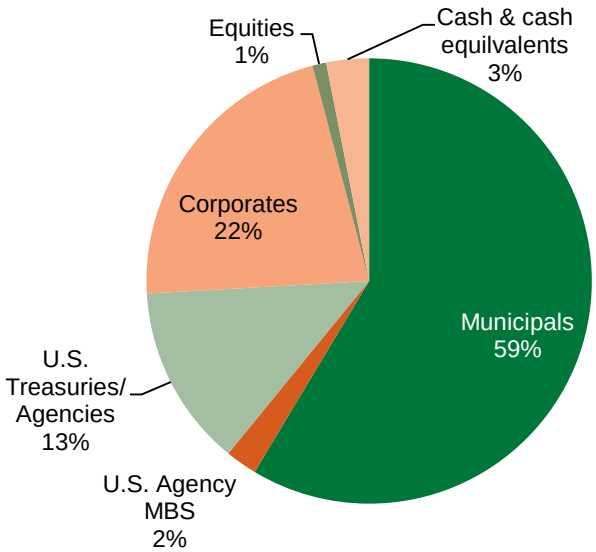
As of December, 2016; Source: Willis Towers Watson; A.M. Best Data

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INVESTMENT PORTFOLIO

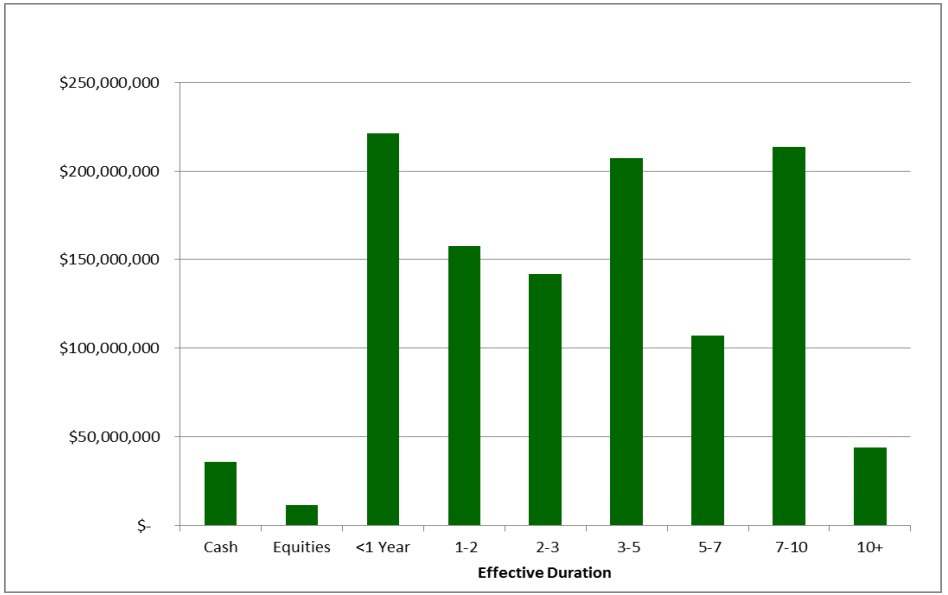
Portfolio Allocation

(as of 3/31/2018)



Value of Maturities by Effective Duration

(as of 03/31/18)



- Carrying value of cash and investments was $1.2 billion at March 31, 2018
- As of March 31, 2018, fixed-maturity securities had an average composite credit rating of “AA”

- Average effective duration of cash and invested assets at March 31, 2018, was 3.98

CAPITAL MANAGEMENT

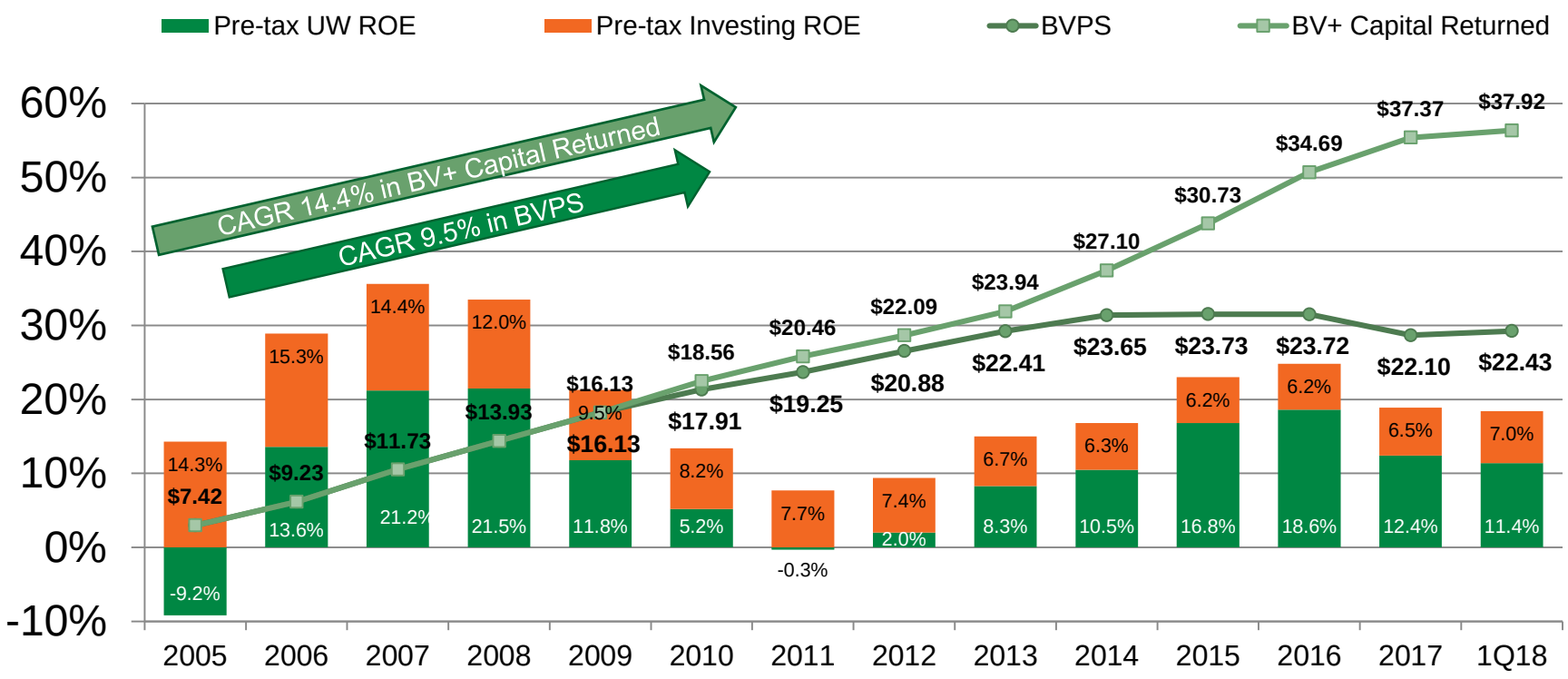
- **Goal: Maintain and Balance**
  - Hold prudent capital levels to maintain A.M. Best financial strength rating of “A”, yet achieve attractive returns for shareholders

- **History of Proactive Capital Management**
  - $62.0M of preferred and debt retirement
  - $22.4M of share repurchases
  - $274.6M of dividends paid
    - » Extraordinary Dividends of $28.2M in 2014; $57.4M in 2015; $62.5M in 2016, and $67.4M in 2017

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

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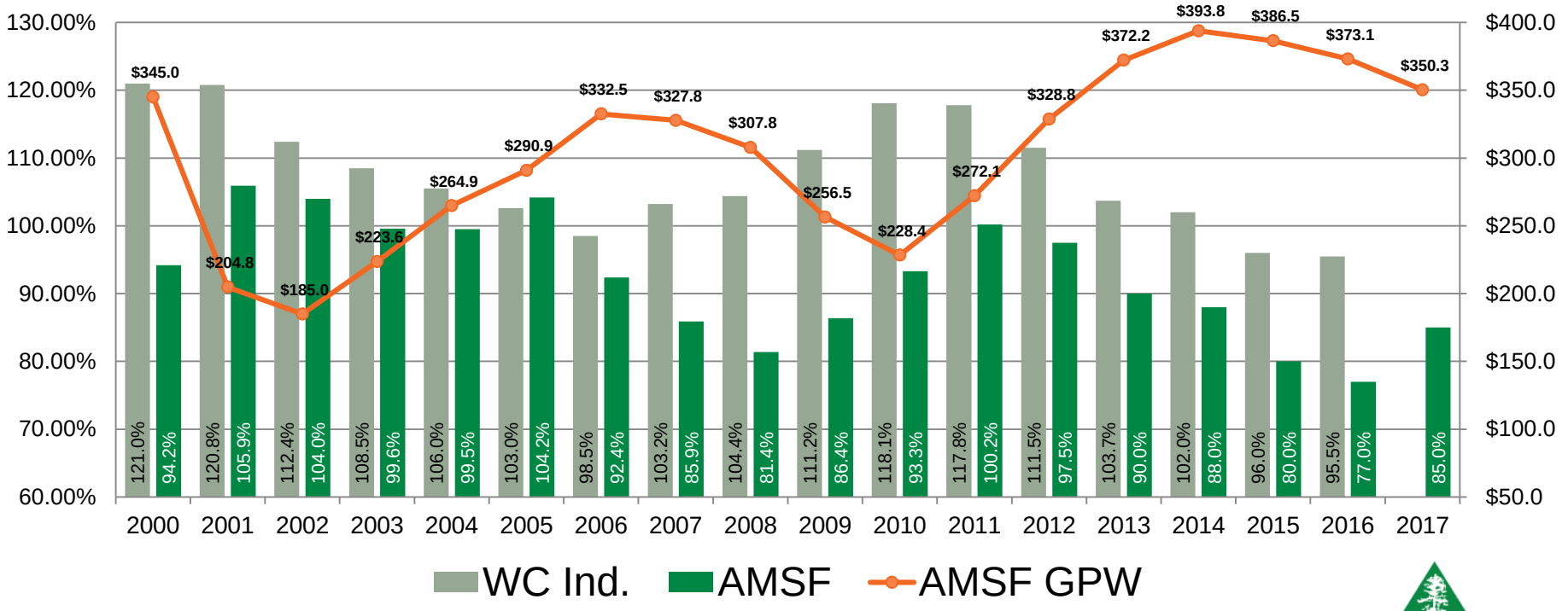
HISTORICAL FINANCIAL PERFORMANCE



CURRENT WORKERS' COMPENSATION MARKET CONDITIONS

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WC INDUSTRY COMBINED RATIO



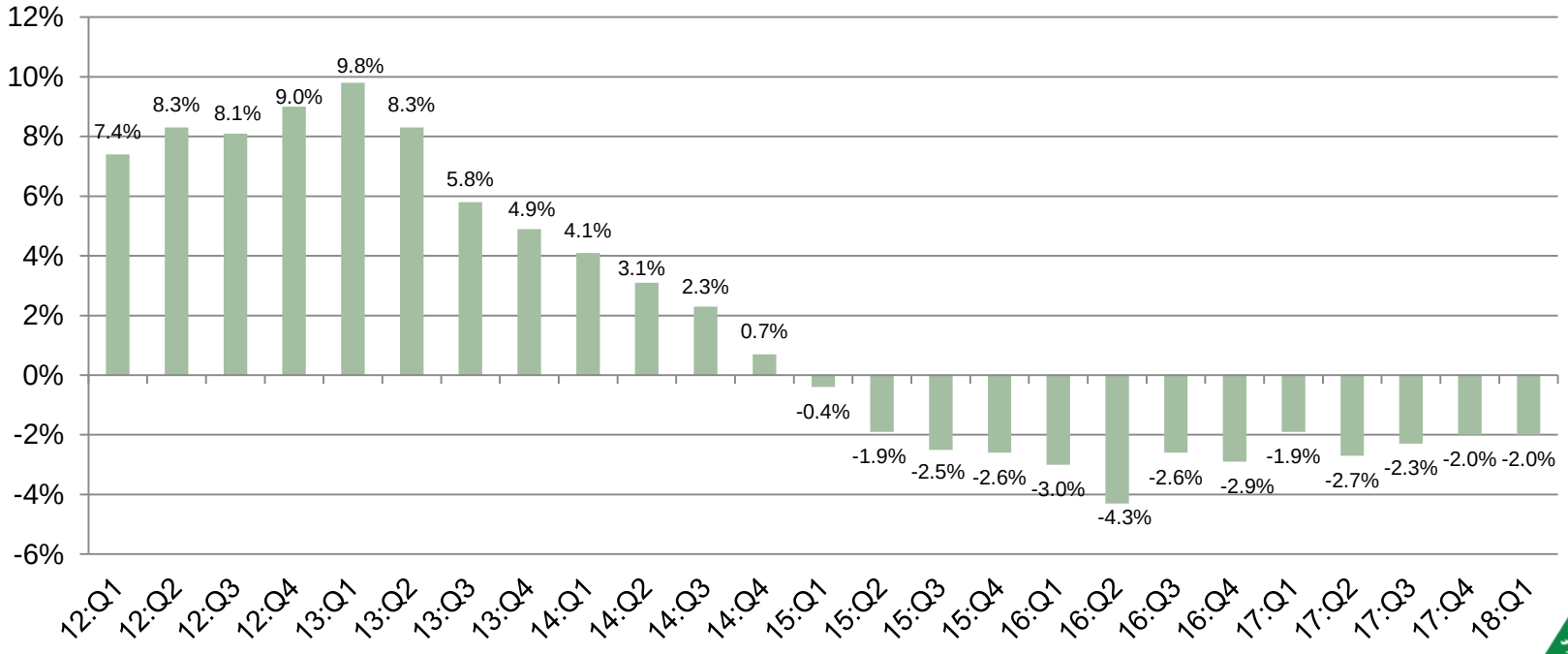
- AMSF Average Outperformance 15.1 pts., Since 2000
- AMSF Average Outperformance 17.5 pts., Since 2006

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

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WORKERS' COMP RATE CHANGES

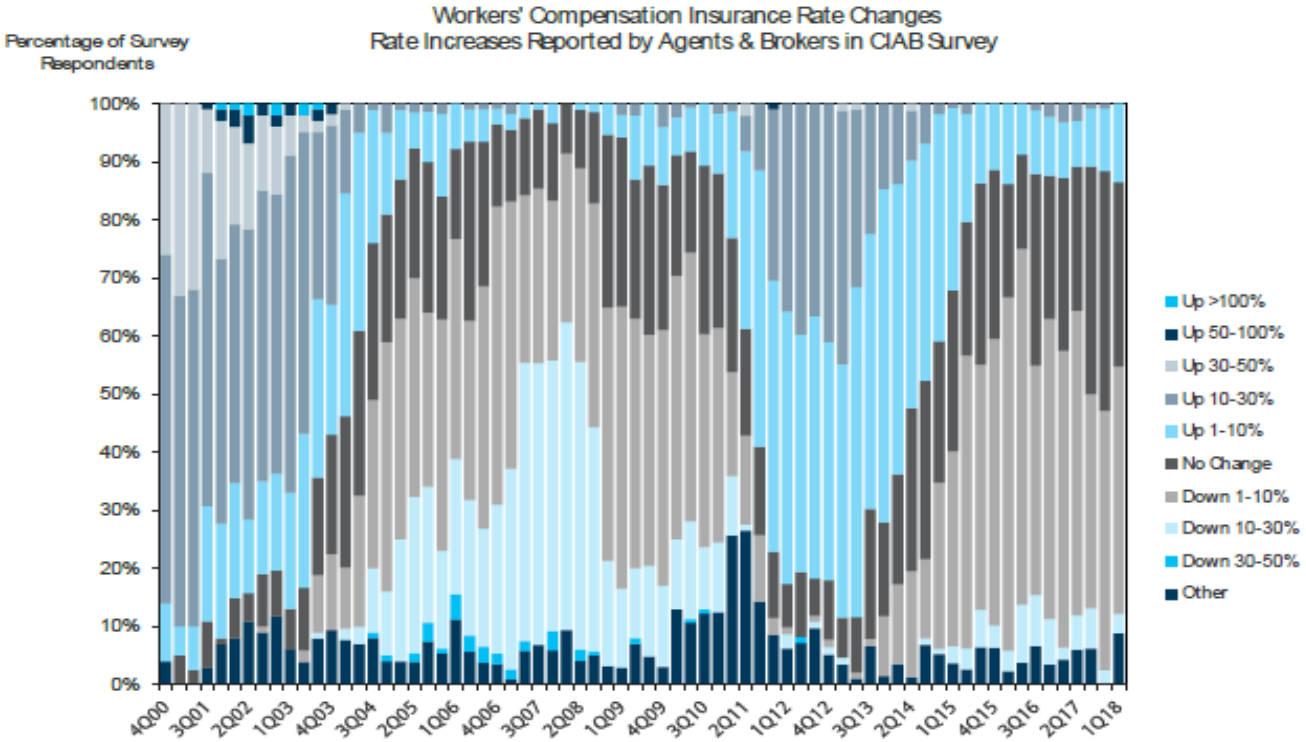
2012: Q1 – 2018: Q1



Source: The Council of Insurance Agents and Brokers.

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WC INSURANCE RATE CHANGES

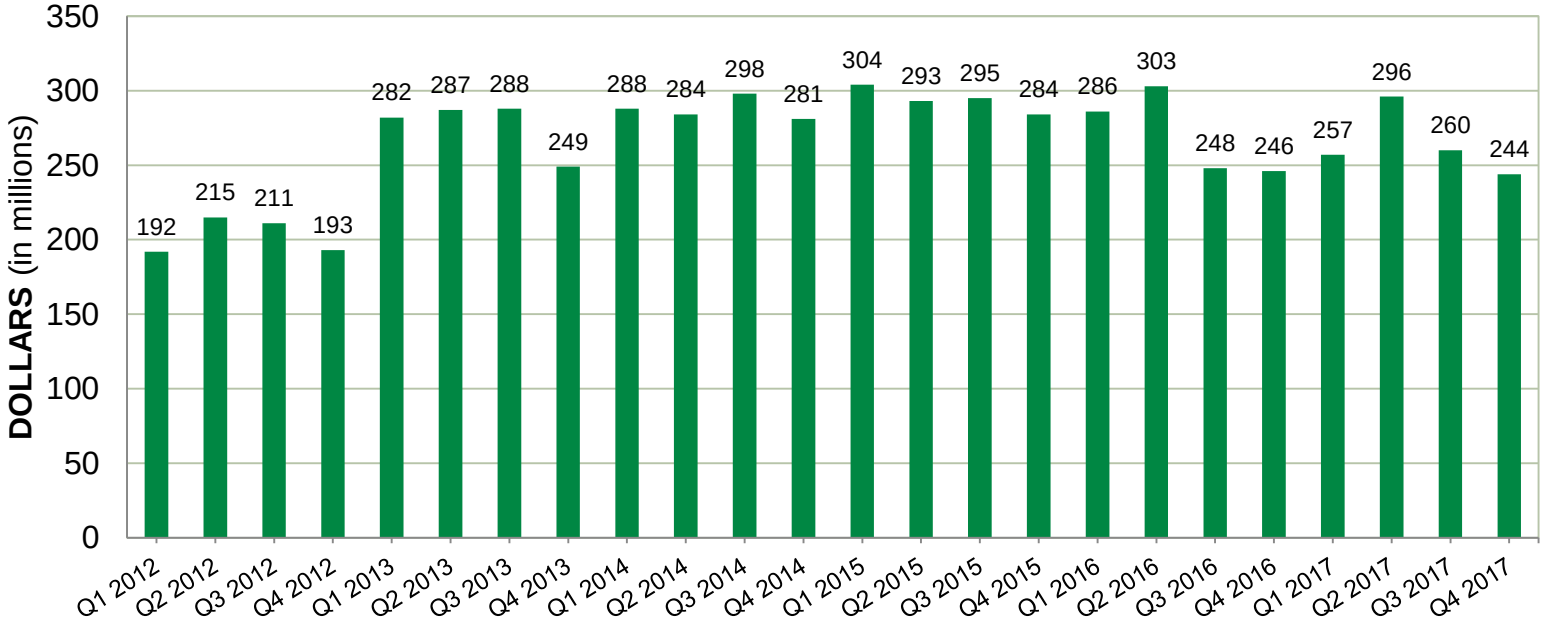


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

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RESIDUAL MARKET ACTIVITY

ALL POOLS – NET WRITTEN PREMIUM*
ALL POLICY YEARS COMBINED

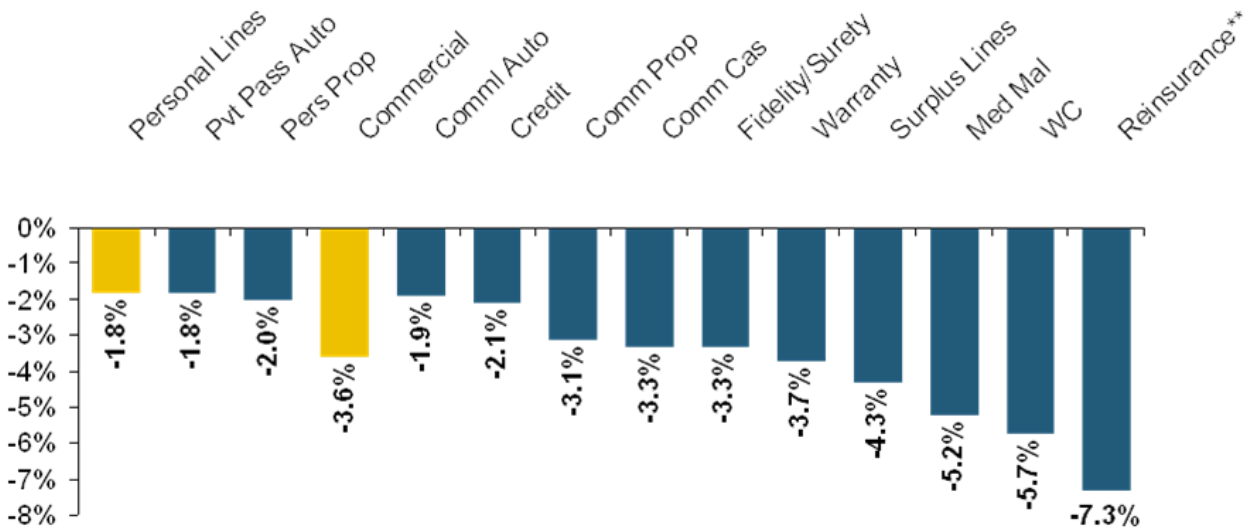


*Premium volume shown is net of uncollectible premium for all states and net of premium ceded for the cost of excess reinsurance for AK and NM. Source: National Council of Compensation Insurance, Inc.

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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.

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APPENDIX

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AMSF

Nasdaq Listed

Stock Price	$60.70
52 Week Range	$51.30 – 67.82
Shares Outstanding	19.3 M
Market Cap	$1.16 B
Book Value per Share	$22.43
Price-to-Book	2.71

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SELECTED BALANCE SHEET DATA

(IN THOUSANDS)

	1Q 2018	2017	2016
Investments, Cash and cash equivalents	$1,170,865	$1,185,873	$1,143,410
Amounts recoverable from reinsurers	94,173	90,133	83,666
Premiums receivable, net	186,798	174,234	183,005
Deferred income taxes	20,499	19,262	33,811
Deferred policy acquisition costs	21,287	20,251	19,300
Other Assets	37,043	28,483	55,664
Total Assets	1,530,665	1,518,236	1,518,856
Reserves for loss and loss adjustment expenses	777,298	771,845	742,776
Unearned premiums	164,972	157,270	162,028
Insurance-related assessments	28,389	28,246	31,742
Other Liabilities	127,938	135,452	126,160
Shareholders' equity	432,068	425,423	456,150
METRICS			
Book Value Per Share	$22.43	$22.10	$23.72

INCOME STATEMENT

(IN THOUSANDS)

	1Q 2018	2017	2016
Revenues:			
Gross premiums written	$97,342	$350,267	$373,055
Ceded premiums written	(2,330)	(8,869)	(10,307)
Net premiums written	$95,012	$341,398	$362,748
Net premiums earned	$87,310	$346,156	$368,704
Net investment income	7,209	29,281	28,106
Net realized gains (losses) on investments	(31)	(647)	(494)
Net unrealized gain (loss) on equity securities	(390)		
Fee and other income	77	418	346
Total revenues	94,175	375,208	396,662
Expenses:			
Loss and loss adjustment expenses incurred	53,162	209,324	199,031
Underwriting and other operating costs	20,266	78,776	80,594
Policyholder dividends	1,333	4,868	4,216
Total expenses	74,761	292,968	283,841
Income before taxes	19,414	82,240	112,821
Income tax expense*	(3,245)	(36,009)	(34,956)
Net income	$16,169	$46,231	$77,865

*Includes $12.6M expense in 2017 related to tax reform impact on net deferred tax assets.