

MAY, 2020

INVESTOR MEETINGS

G. Janelle Frost

Chief Executive Officer

Neal Fuller

Chief Financial 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 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 result of risks, uncertainties, and other factors, including the impact of the COVID-19 pandemic on the business and operations of the Company and our policyholders and the market value of the securities in our investment portfolio. Other 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 for the year ended December 31, 2019. 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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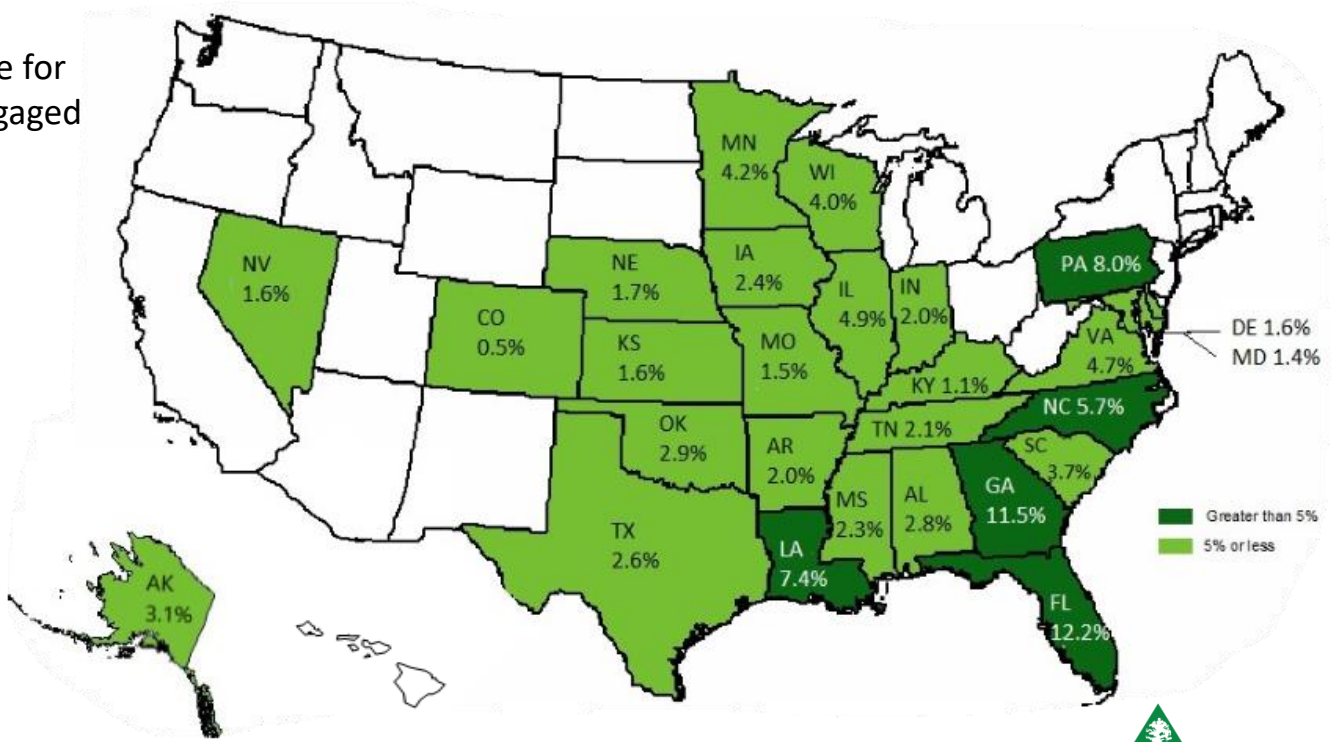
OVERVIEW

AMERISAFE has a 34-year operating history as a specialty provider of workers' compensation insurance for small to mid-sized employers engaged in high hazard industries.

2020 YTD HIGHLIGHTS

- GPW: - 6.5%
- Combined ratio: 83.5%
- Operating ROE: 16.1%

2019 Premium Distribution by State



AMERISAFE actively markets insurance in 27 states.

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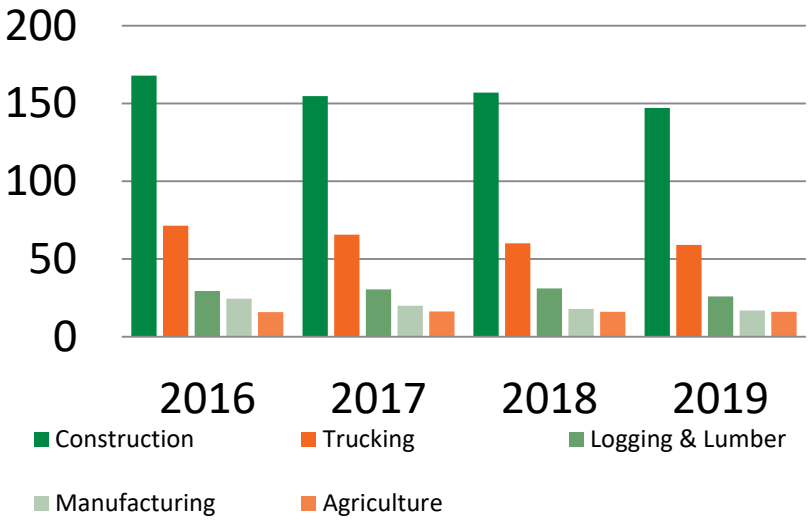
PREMIUM DISTRIBUTION

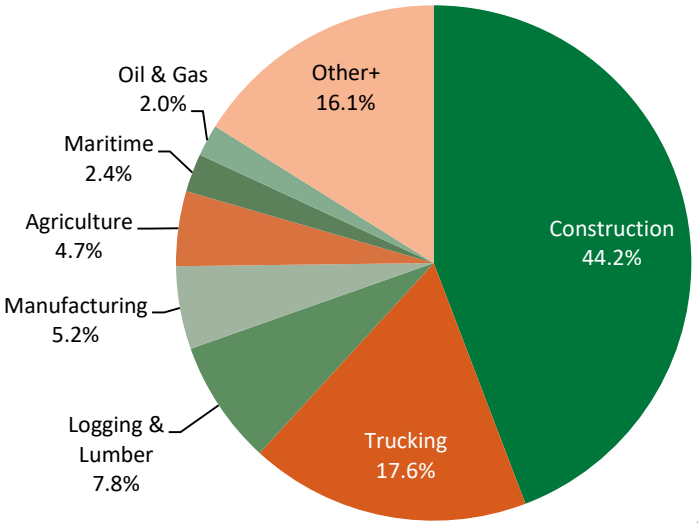
Historical Premium Distribution of Major Industry Groups

(in $ millions)



Premium Distribution by Industry as of 12/31/19

**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

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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 91% of new accounts
- FSPs geographically dispersed

Intensive Claims Management

- Field Case Managers (FCMs) located in service areas
- Low case load 48 claims per FCM
- Higher severity losses require unique claims handling skills and processes
- FCMs focus on timely resolution of claims

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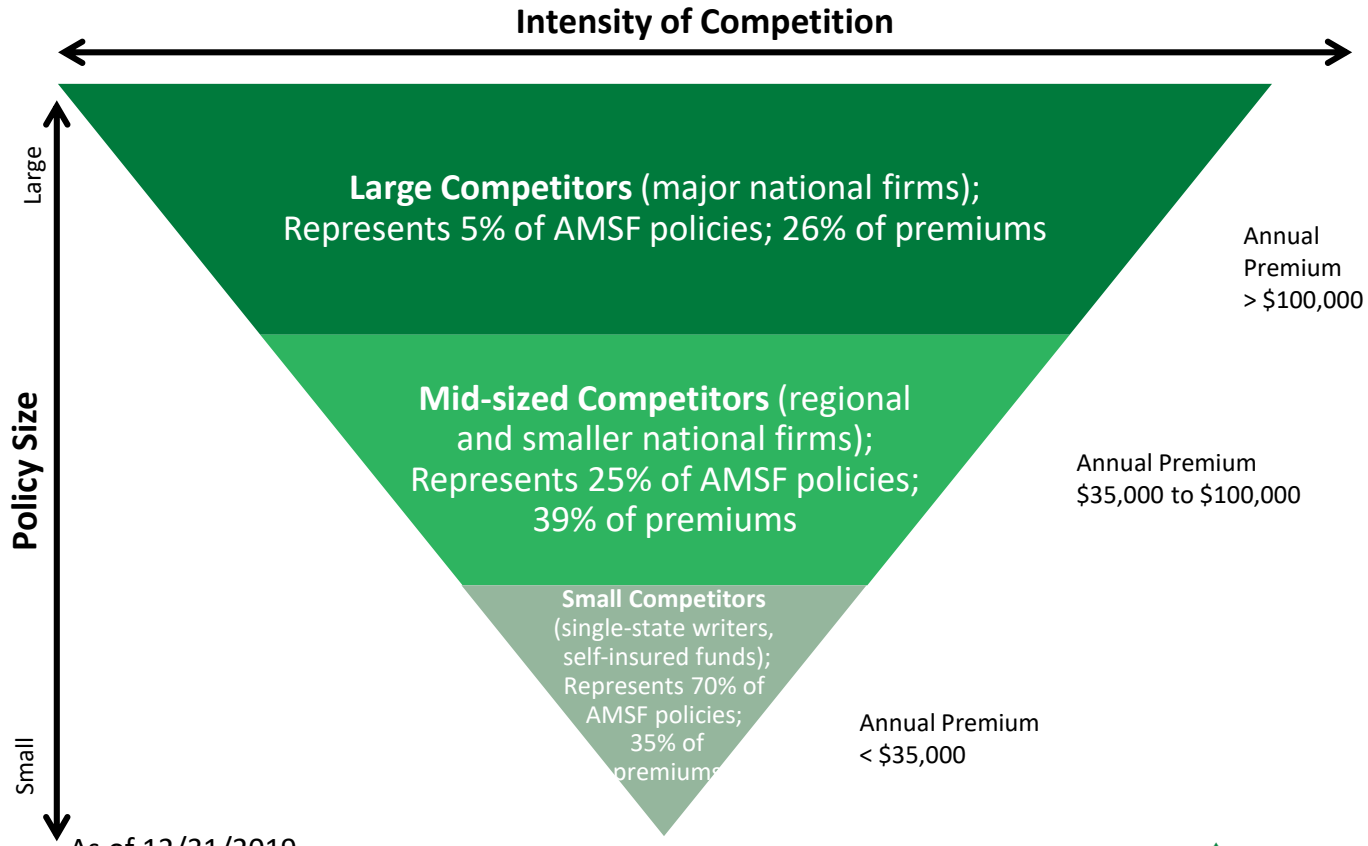
AMERISAFE CUSTOMER OVERVIEW

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



As of 12/31/2019
Average Policy Size: $35,364
Average Number of Employees at each Insured Business: 18
Opportunity: $18.1 billion in target class codes in target states

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COVID-19 UPDATE

We believe our policyholders will be less impacted by March-May Stay-At-Home orders.

Our small business niche could have a greater impact to AMSF than class of business.

Top Ten Premium States

State	Constr	Trucking	Roofing	Lumber	Whsl/Retail	Manf.	Serv	Farm	Marine	Oil & Gas	Other
Georgia	E	E	E	E	E	E	E	E	E	E	E
Florida	E	E	E	E	E	E	E	E	E	E	E
Pennsylvania	Non -E	E	Non -E	E	E	Non -E	E	E	E	E	E
Louisiana	E	E	E	E	E	E	E	E	E	E	E
North Carolina	E	E	E	E	E	E	E	E	E	E	E
Virginia	E	E	E	E	E	E	E	E	E	E	E
Illinois	E	E	E	E	E	E	E	E	E	E	E
Minnesota	E	E	E	E	E	E	E	E	E	E	E
Wisconsin	E	E	E	E	E	E	E	E	E	E	E
South Carolina	E	E	E	E	E	E	E	E	E	E	E

E= Major class codes are Essential Non-E = Major class codes are Non-Essesntial

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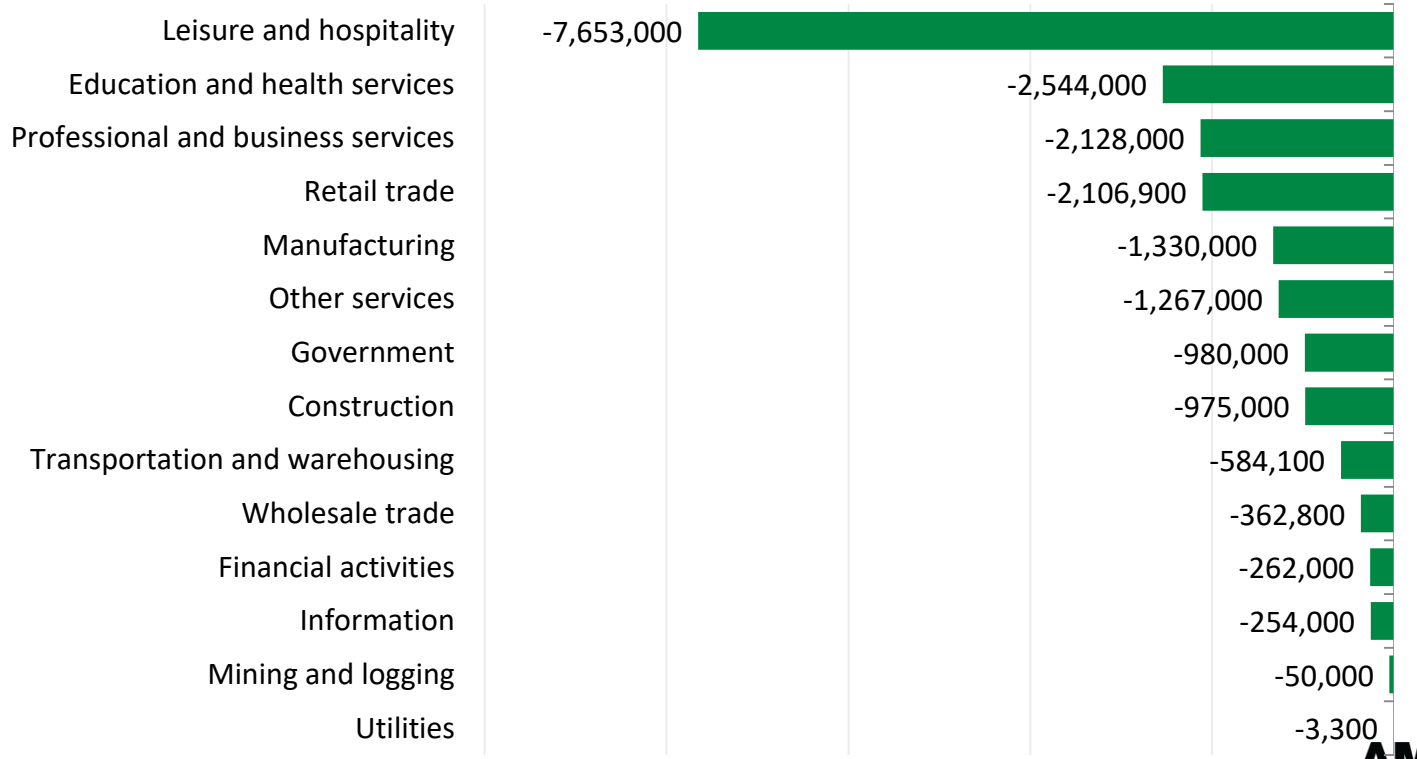
COVID-19 UPDATE

One month net change in April 2020 nonfarm payrolls (number of jobs) – United States



SOURCE: Bureau of Labor Statistics, CNBC

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COVID-19 UPDATE

Insured Policyholders

- **Most insureds (95%) report payrolls and pay premiums monthly.**
  - Premium reports received in April (which represent March activity) were 9% lower than expected.
  - Premium reports received in May (which represent April activity) were 11% lower than expected (through May 15, 2020).
  - The expected amount is determined by taking annual premiums dividing by twelve for each month.
  - Grace periods in states have been extended which could increase provision for bad debt if insureds are unable to pay.
  - Payroll changes will affect expectations for future audits and are part of Earned But Unbilled Premium (EBUB) which is estimated quarterly.
- **Impact of recession on long-term payrolls could significantly reduce premium.**

AMERISAFE Operations

- **Most home office employees have transitioned to work remotely.**
- **Field staff are working from home using virtual means (phone, email, video calls, facetime) to conduct safety visits, sales calls, premium audits, and claims handling.**
- **Phased return-to-office actions are in planning process**
  - **Primary focus: health & safety of employees, policyholders, injured workers.**

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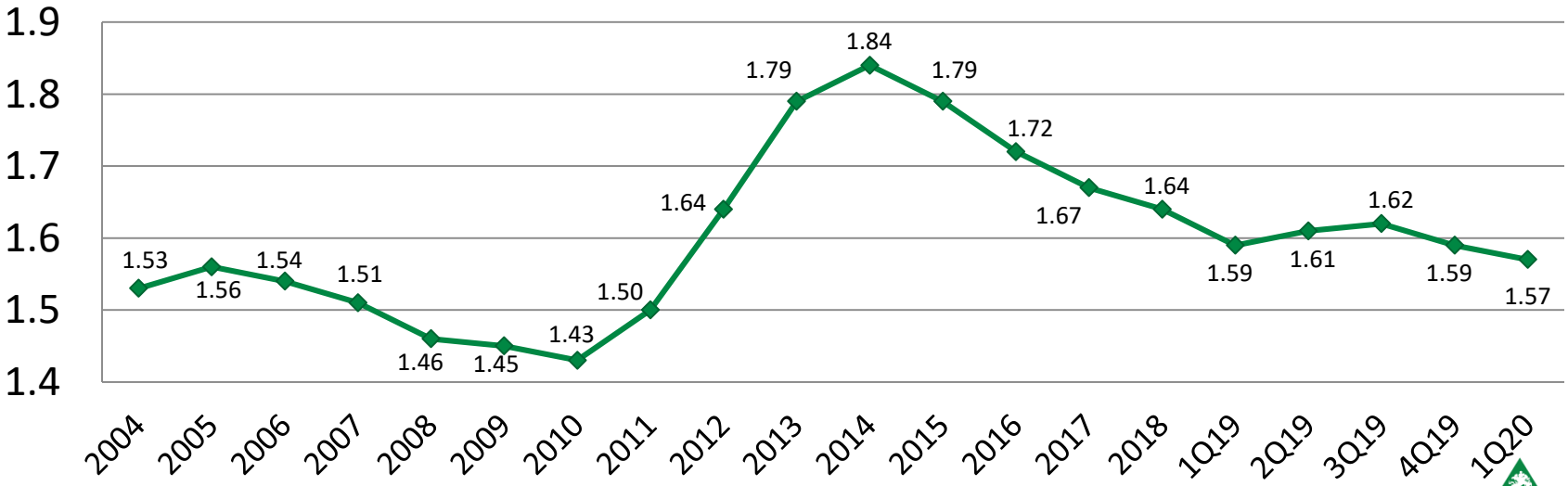
PRICING FOR PROFITABILITY

- 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

Policy Year ELCM



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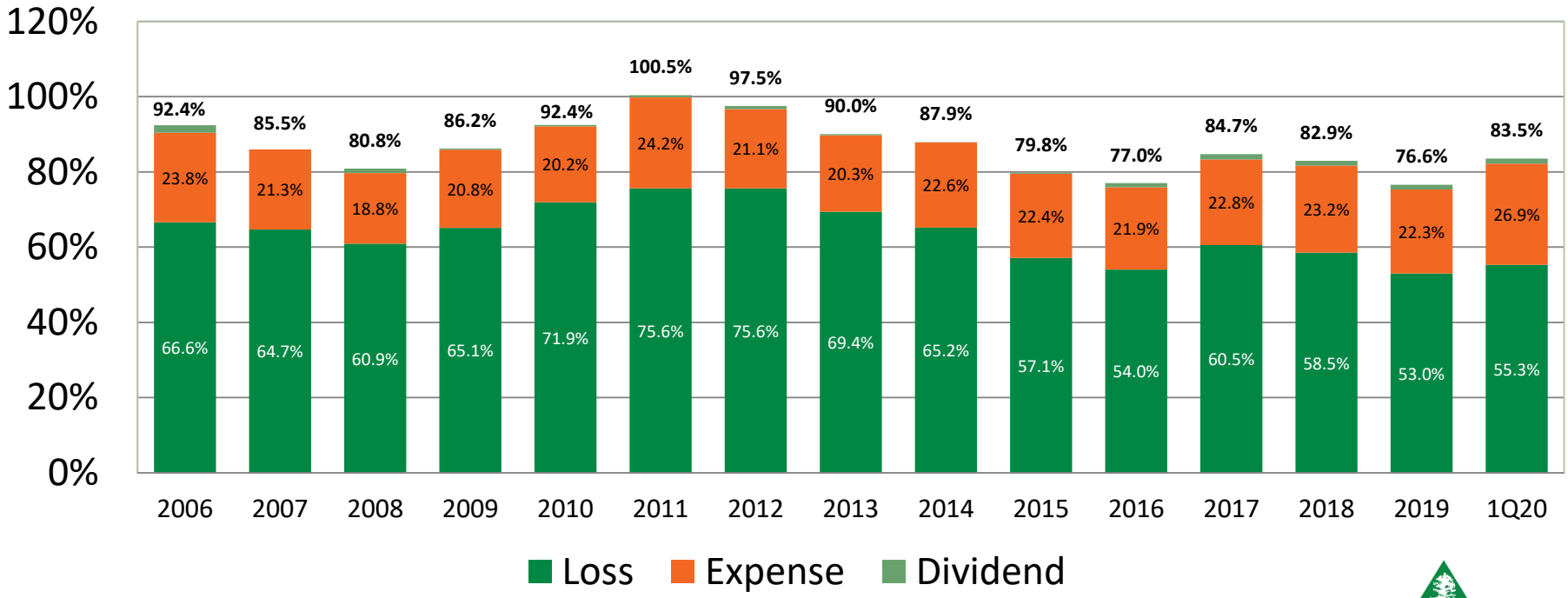
COMBINED RATIO



Consistently profitable underwriting

- Average 86.7 % combined ratio over the last fourteen years

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ECONOMIC MODEL – ROE DRIVERS

- Imperative to execute on the fundamentals of underwriting, safety and claims with investment yields at low levels
- At current leverage ratios, a 1 point change in Loss Ratio equates to a 28 bps change in yield to maintain ROE

	YTD
Loss Ratio	55.3%
+	
Expense Ratio	26.9%
+	
Policyholder Dividend Ratio	1.3%
=	
Combined Ratio	83.5%
Underwriting Profit	16.5%
x	
Operating Leverage	0.75
=	
Pre-tax ROAE from Underwriting	12.4%
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)	0.3%
Pre-tax Operating ROAE	19.7%
Effective Tax Rate	18.4%
Operating ROAE	16.1%

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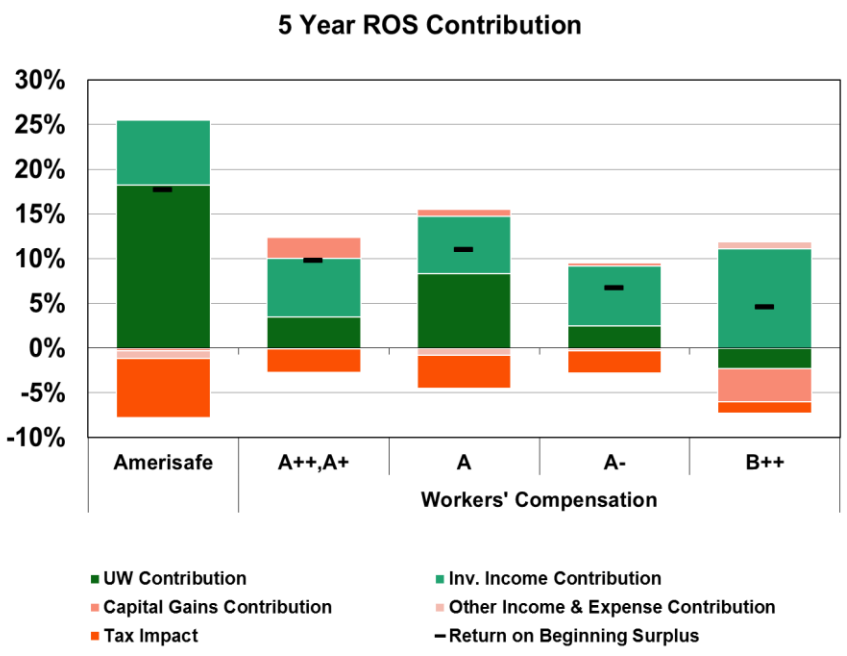
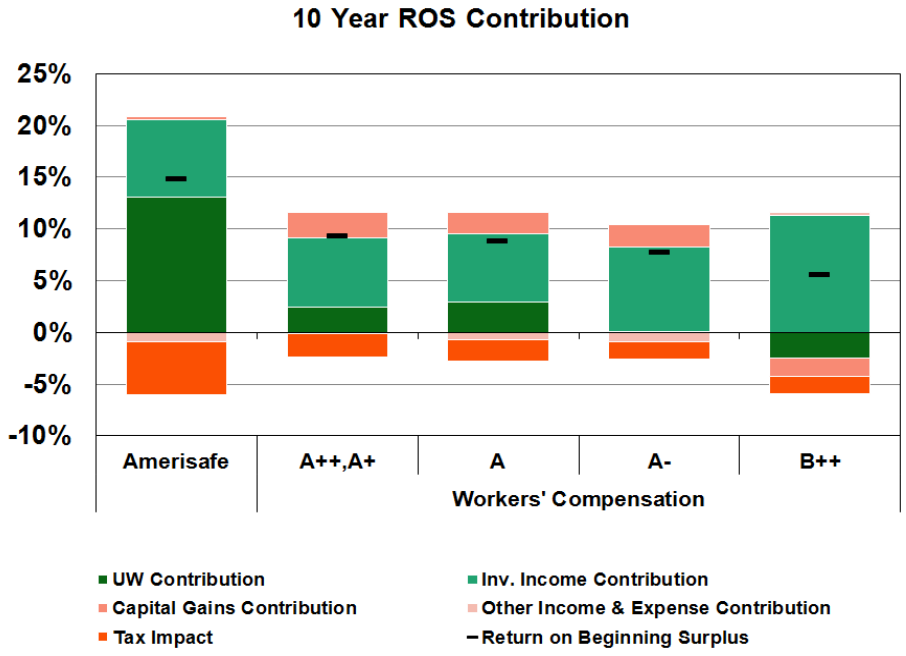
CONTRIBUTIONS TO RETURNS





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

As of December, 2018; Source: Willis Towers Watson; A.M. Best Data

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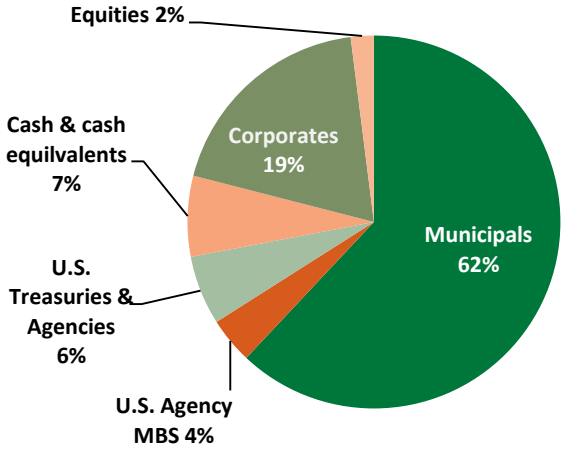
INVESTMENT PORTFOLIO

Portfolio Allocation

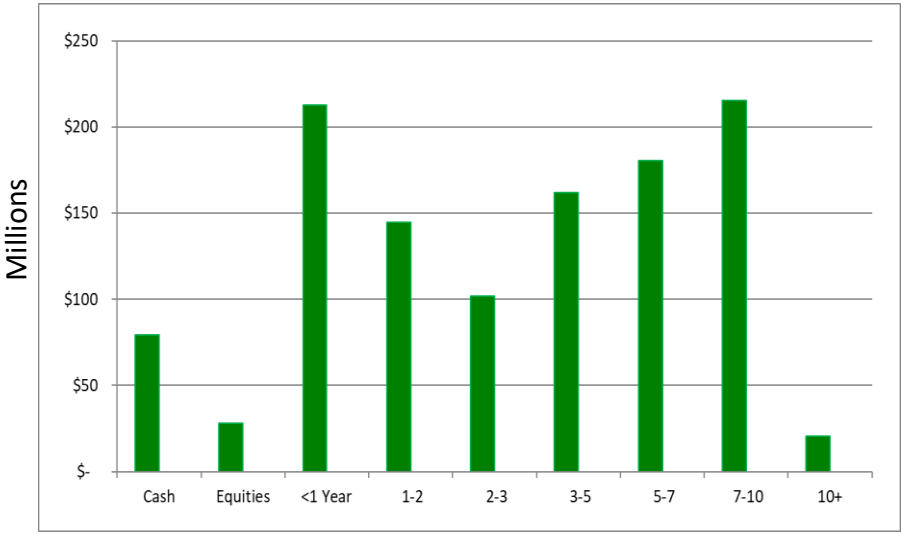
(as of 3/31/20)



- Carrying value of cash and investments was $1.2 billion at March 31, 2020
- As of March 31, 2020, fixed-maturity securities had an average composite credit rating of “AA”
- Municipals include 6% of the portfolio in taxable municipal bonds

Value of Maturities by Effective Duration

(as of 3/31/20)



- Average effective duration of cash and invested assets at March 31, 2020, was 3.87

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
  - $447.4M of dividends paid or declared
    - » Extraordinary Dividends of $28.2M in 2014; $57.4M in 2015; $62.5M in 2016; $67.4M in 2017, $67.4 in 2018, and $67.6 in 2019

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

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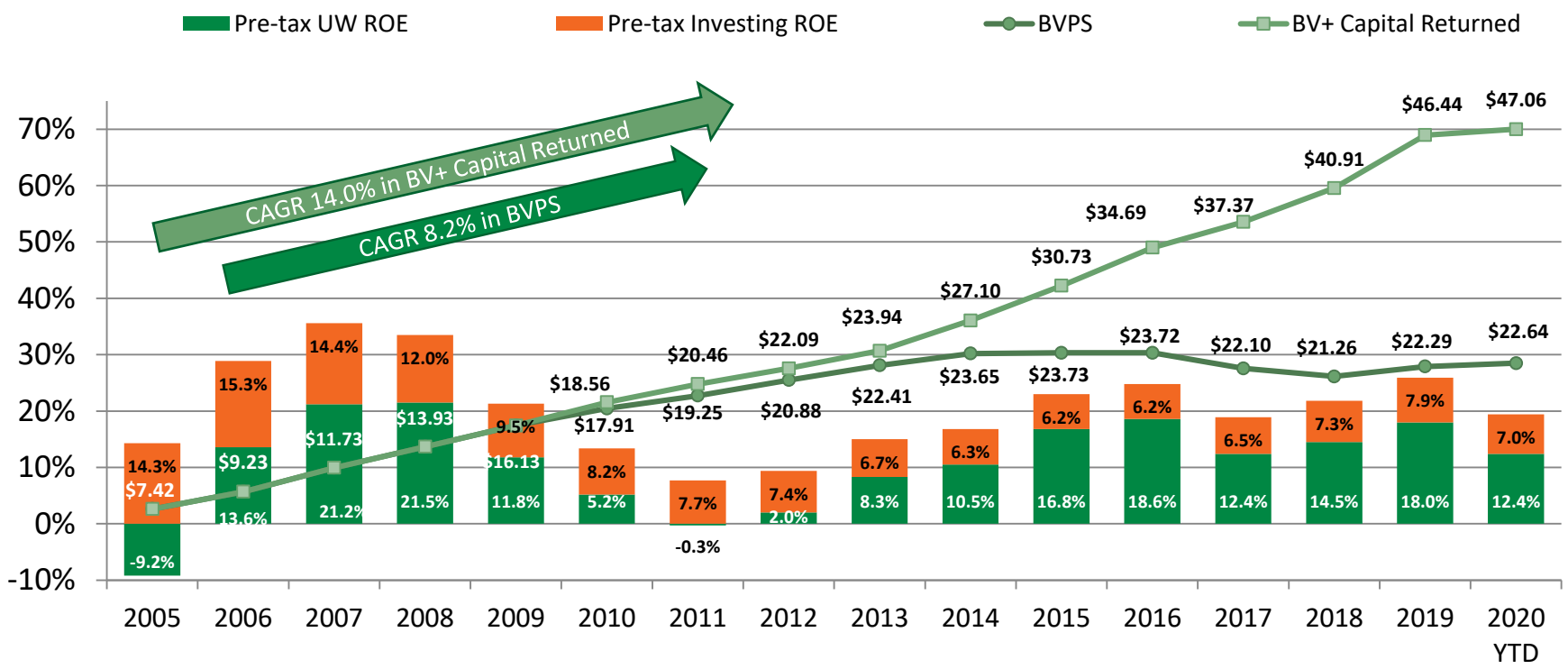
HISTORICAL FINANCIAL PERFORMANCE



CURRENT WORKERS' COMPENSATION MARKET CONDITIONS

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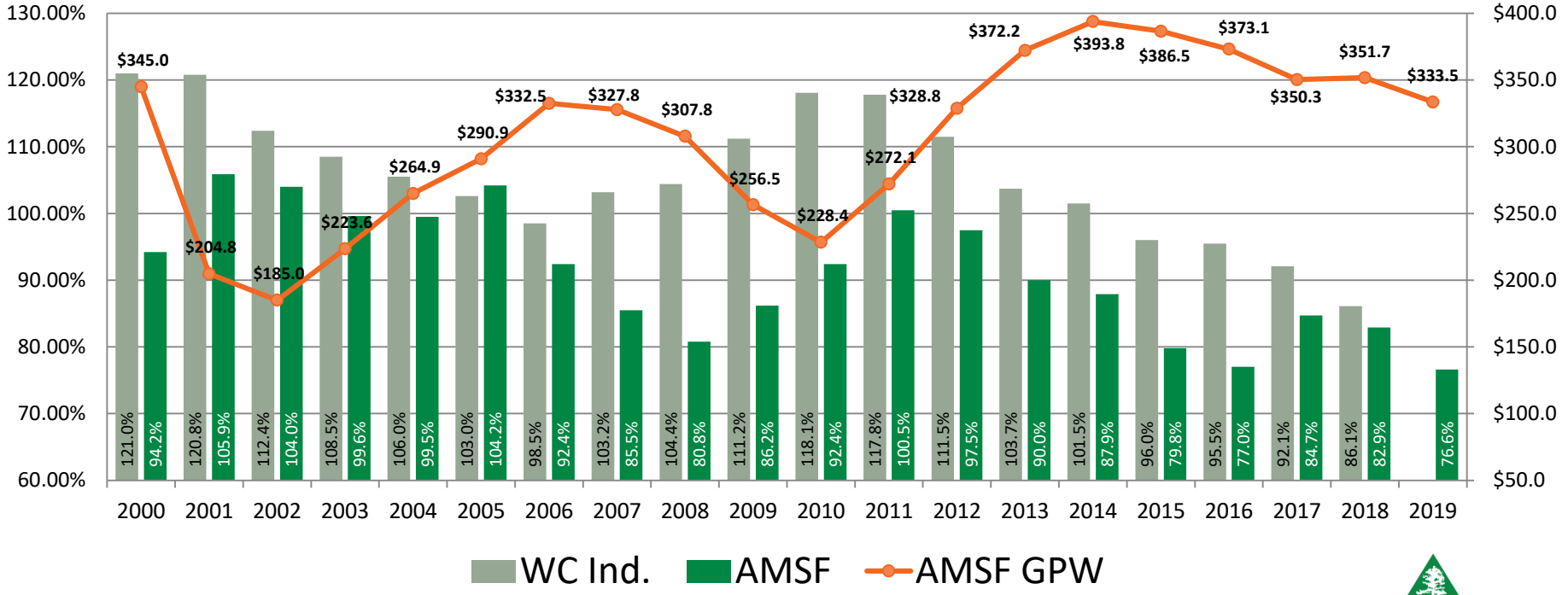
WC INDUSTRY COMBINED RATIO



- 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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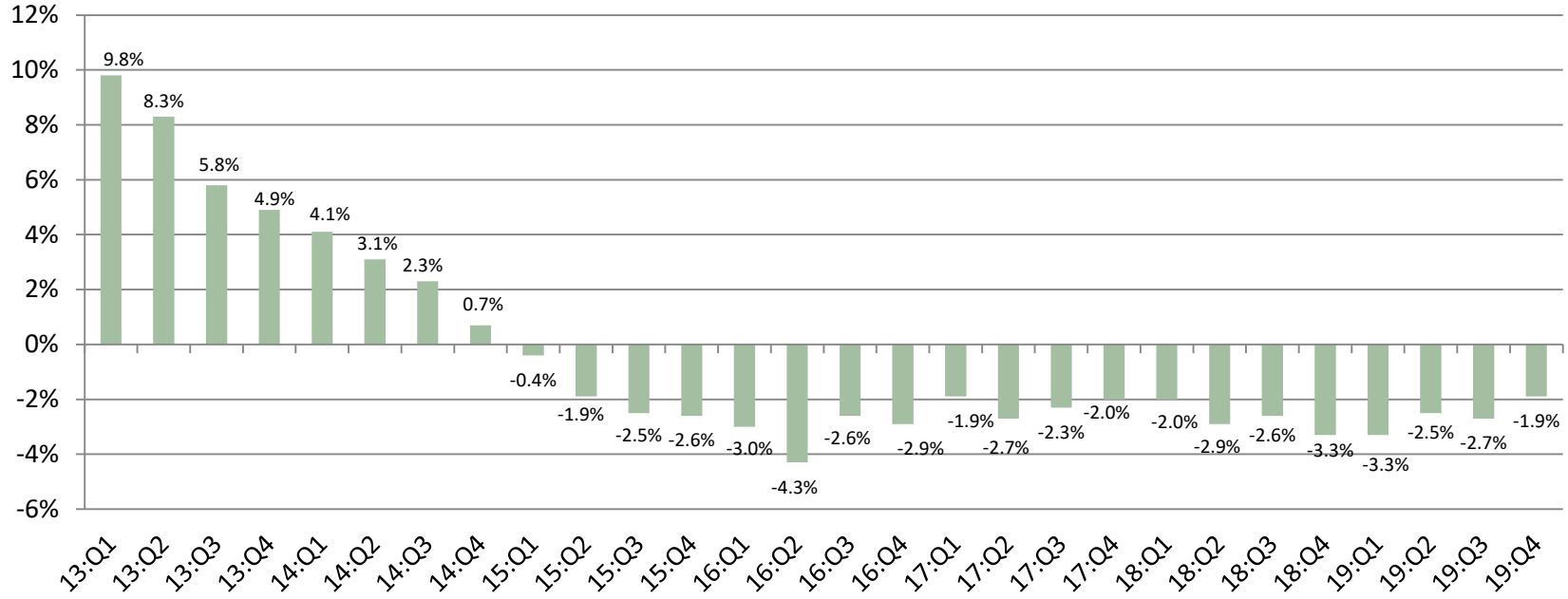
WORKERS' COMP RATE CHANGES

2013: Q1 – 2019: Q4



Source: The Council of Insurance Agents and Brokers.

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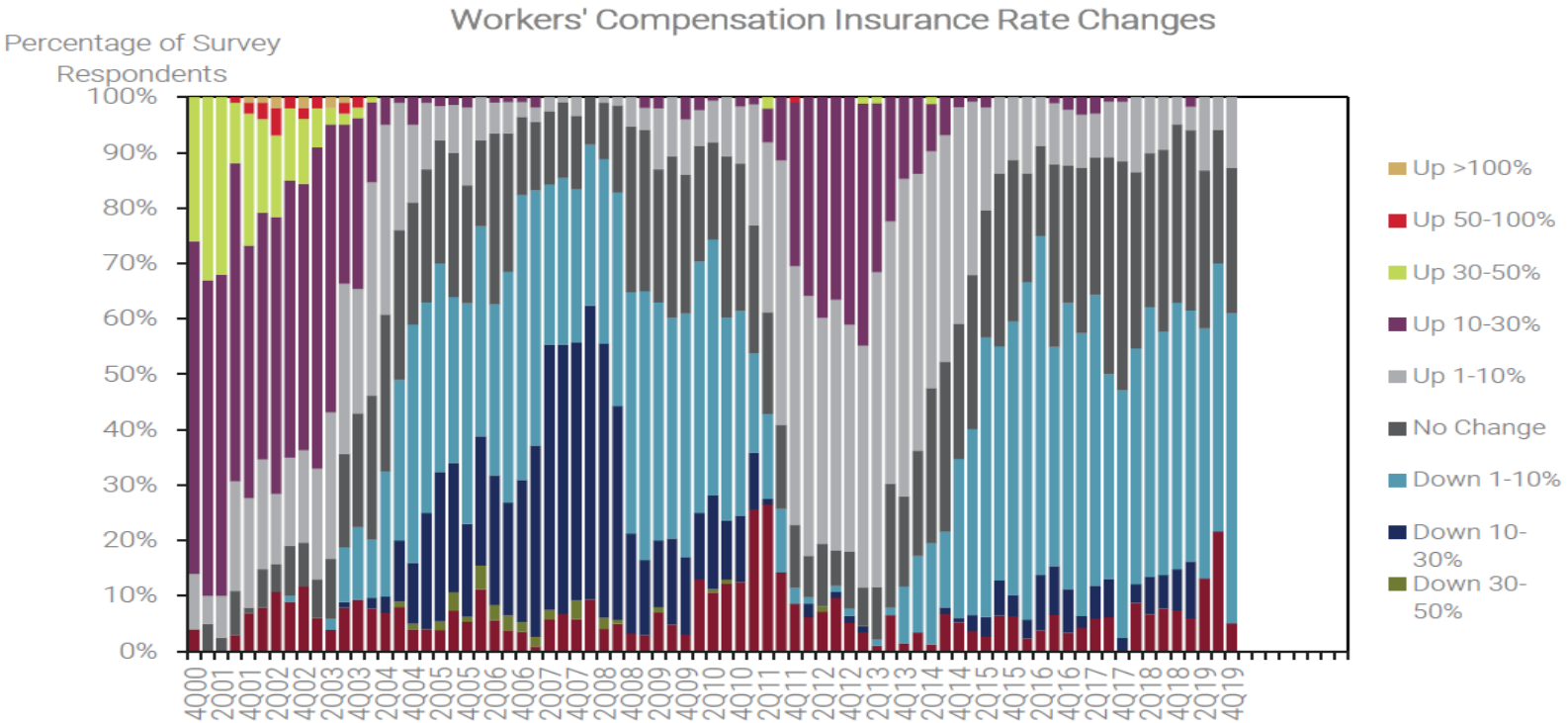
WC INSURANCE RATE CHANGES



Source: The Council of Insurance Agents & Brokers.

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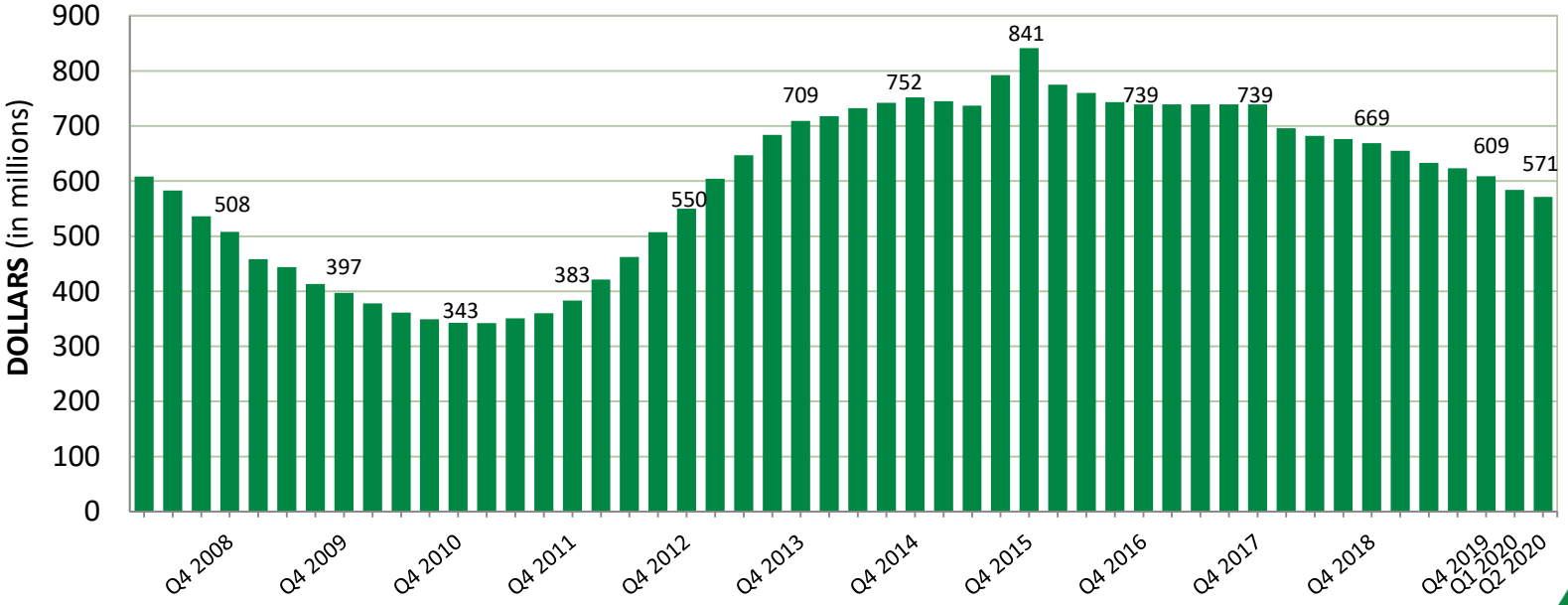
RESIDUAL MARKET ACTIVITY

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.

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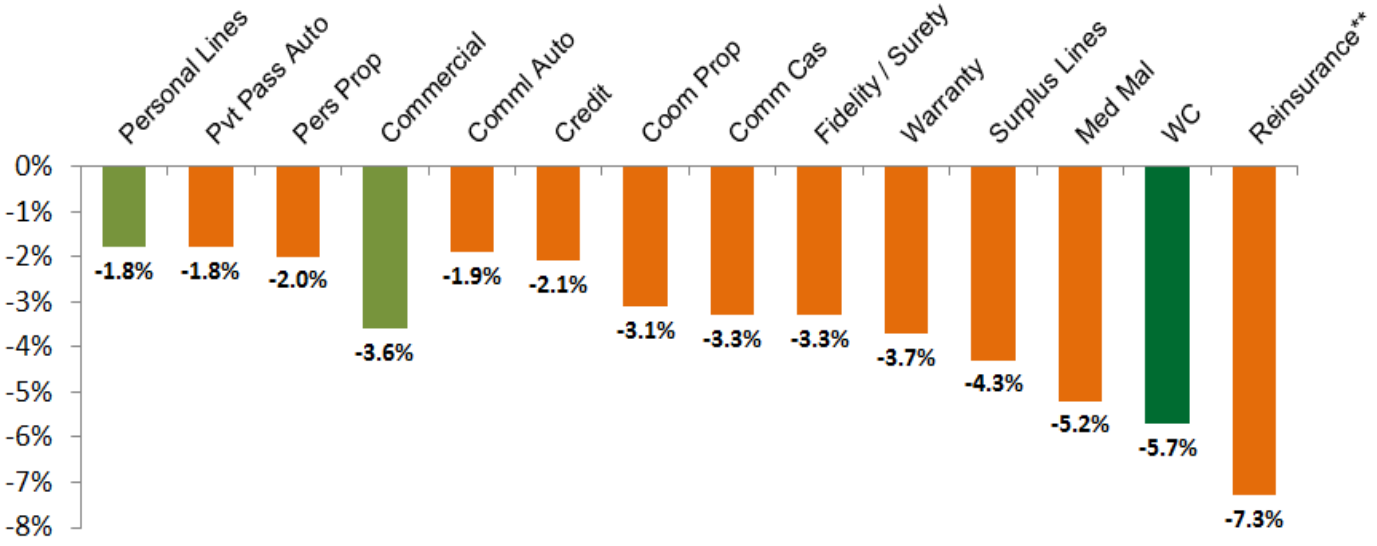
REDUCTION IN COMBINED RATIO NECESSARY TO OFFSET 1% DECLINE IN INVESTMENT YIELD TO MAINTAIN CONSTANT ROE, BY LINE*

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	$62.50
52 Week Range	$48.02 – 80.65
Shares Outstanding	19.3 M
Market Cap	$1.21 B
Book Value per Share	$22.64
Price-to-Book	2.76x

Market data as of May 1, 2020; Financial data as of March 31, 2020

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SELECTED BALANCE SHEET DATA

(IN THOUSANDS)

	3/31/2020	2019	2018
Investments, Cash and cash equivalents	$1,178,905	$1,168,831	$1,165,834
Amounts recoverable from reinsurers	105,128	95,913	112,006
Premiums receivable, net	169,127	157,953	162,478
Deferred income taxes	17,750	17,513	21,852
Deferred policy acquisition costs	19,719	19,048	19,734
Other Assets	33,532	33,648	34,027
Total Assets	1,524,161	1,492,906	1,515,931
Reserves for loss and loss adjustment expenses	779,283	772,887	798,409
Unearned premiums	146,171	140,873	149,296
Insurance-related assessments	24,155	22,967	28,258
Other Liabilities	137,596	125,964	130,206
Shareholders' equity	436,956	430,215	409,762
METRICS			
Book Value Per Share	$22.64	$22.29	$21.26

INCOME STATEMENT

(IN THOUSANDS)

	2020 YTD	2019	2018
Revenues:			
Gross premiums written	$87,071	$333,460	$351,696
Ceded premiums written	(2,783)	(8,995)	(9,344)
Net premiums written	$84,288	$324,465	$342,352
Net premiums earned	$78,990	$332,888	$350,326
Net investment income	7,749	32,483	30,452
Net realized gains (losses) on investments	992	(80)	(1,536)
Net unrealized gains (losses) on equity securities	(8,763)	4,758	(2,088)
Fee and other income	201	321	599
Total revenues	79,169	370,370	377,753
Expenses:			
Loss and loss adjustment expenses incurred	43,647	176,342	204,891
Underwriting and other operating costs	21,284	74,351	81,133
Policyholder dividends and other	997	4,160	4,148
Total expenses	65,928	254,853	290,172
Income before taxes	13,241	115,517	87,581
Income tax expense	2,441	22,827	15,949
Net income	$10,800	$92,690	$71,632