

SEPTEMBER 9, 2021

KBW INSURANCE CONFERENCE

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. 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, 2020. 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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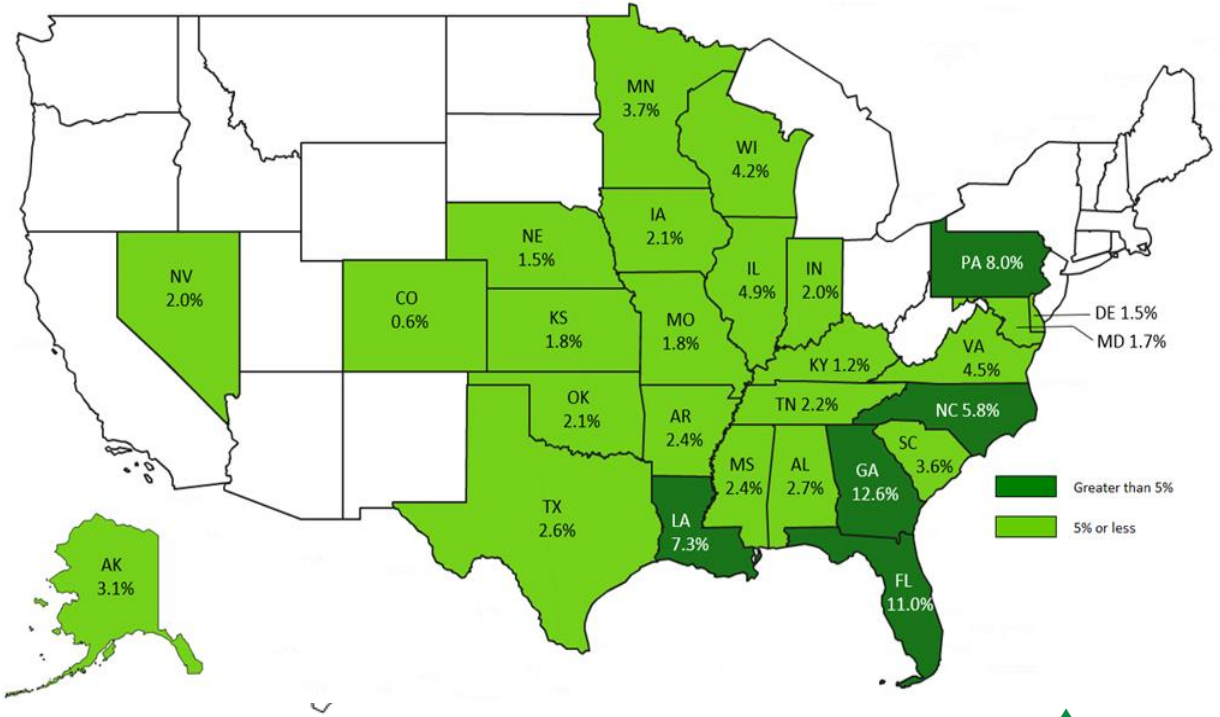
OVERVIEW

AMERISAFE has a 35-year operating history as a specialty provider of workers' compensation insurance for small to mid-sized employers engaged in high hazard industries.

2021 YTD HIGHLIGHTS

- GPW: - 7.2%
- Combined ratio: 79.6%
- Operating ROE: 16.1%

2020 Premium Distribution by State



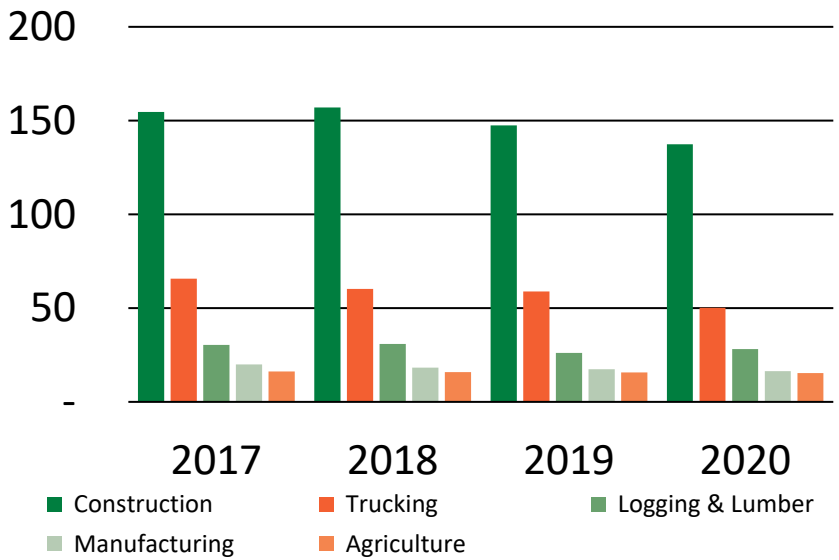
AMERISAFE actively markets insurance in 27 states.

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PREMIUM DISTRIBUTION

Historical Premium Distribution of Major Industry Groups

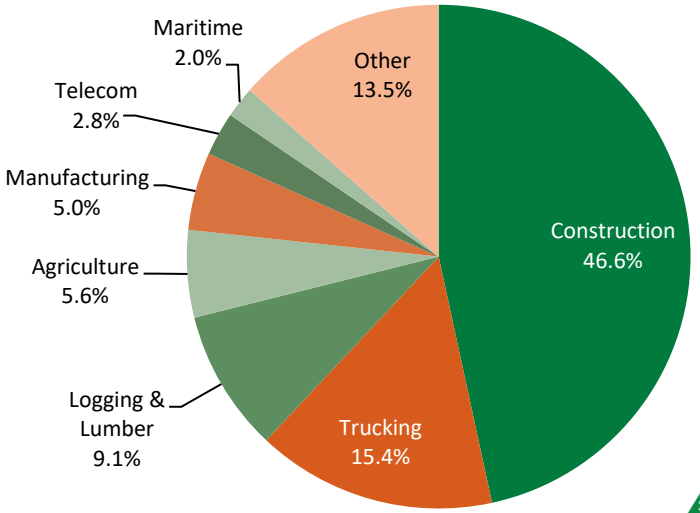
(in $ millions)



Premium Distribution by Industry

YTD 6/30/21

**Includes Assigned Risk & Assumed premiums*



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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 92.5% of new accounts
- FSPs geographically dispersed

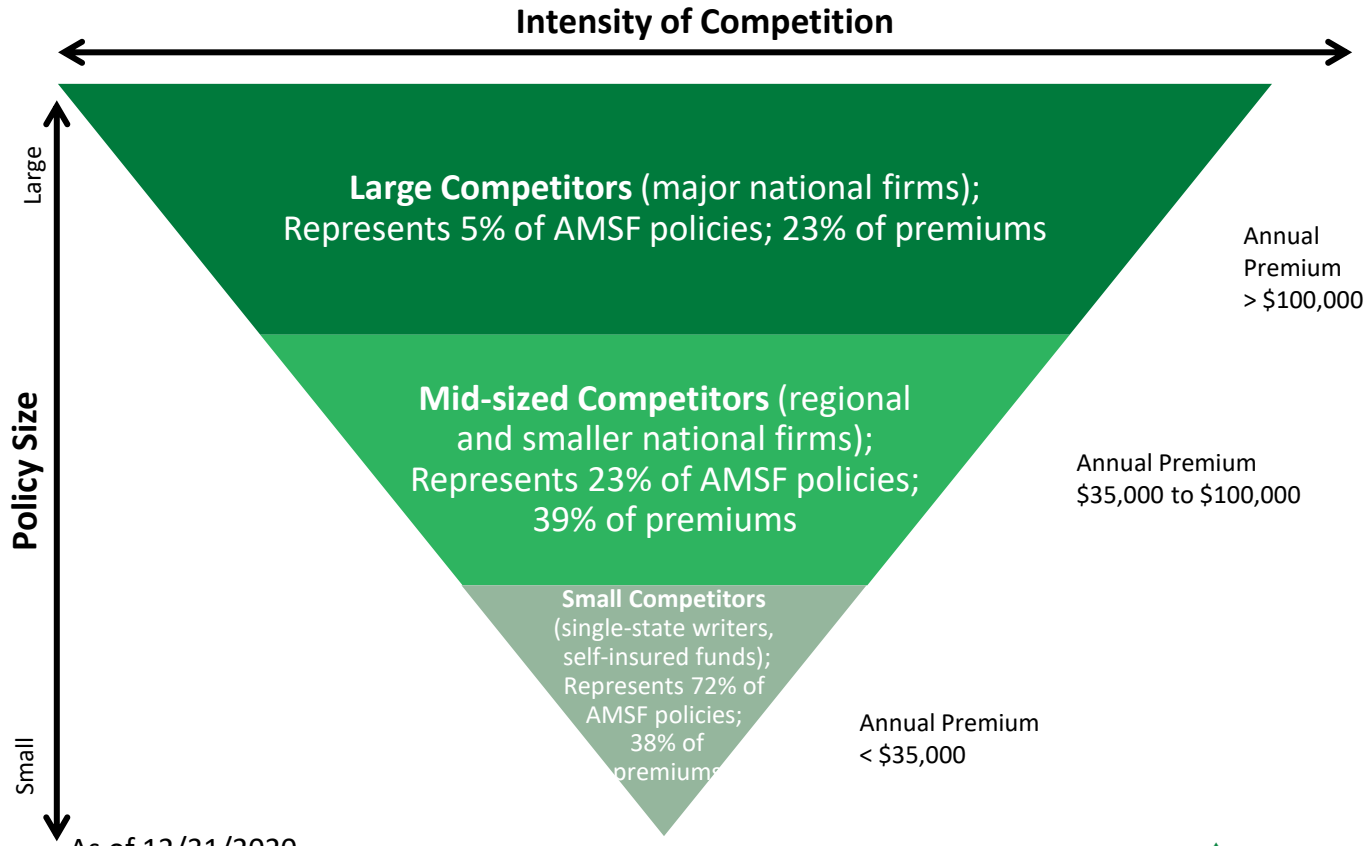
Intensive Claims Management

- Field Case Managers (FCMs) located in service areas
- Low case load 47 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



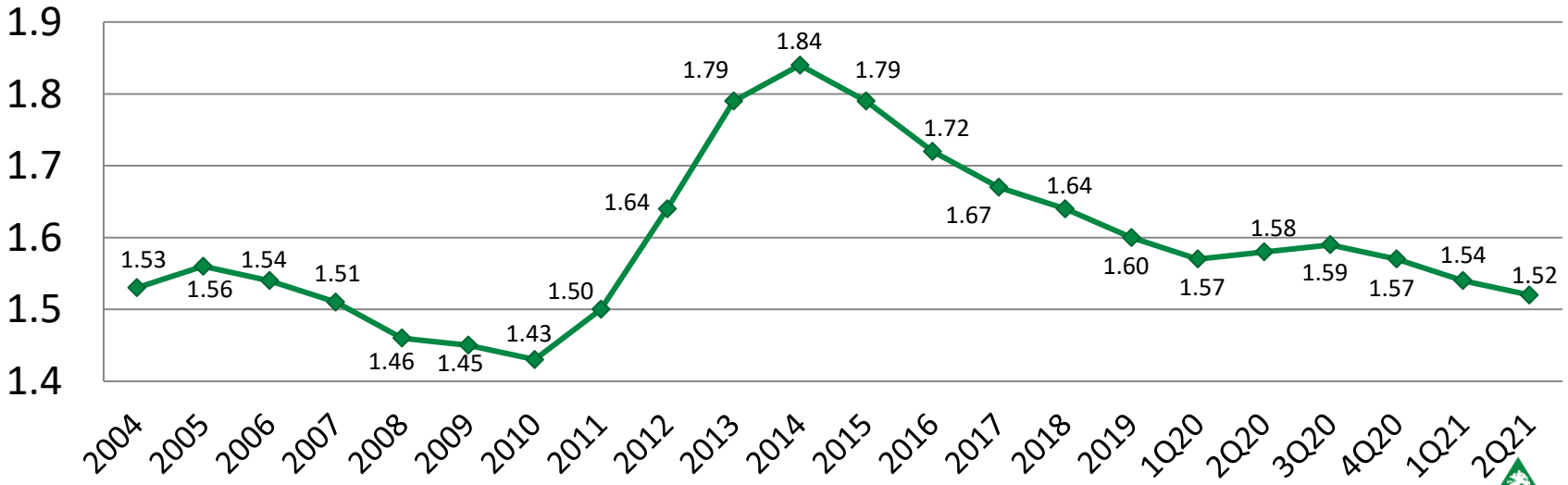
As of 12/31/2020
Average Policy Size: $32,984
Average Number of Employees at each Insured Business: 17
Opportunity: $19 billion in target class codes in target states

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PRICING FOR PROFITABILITY

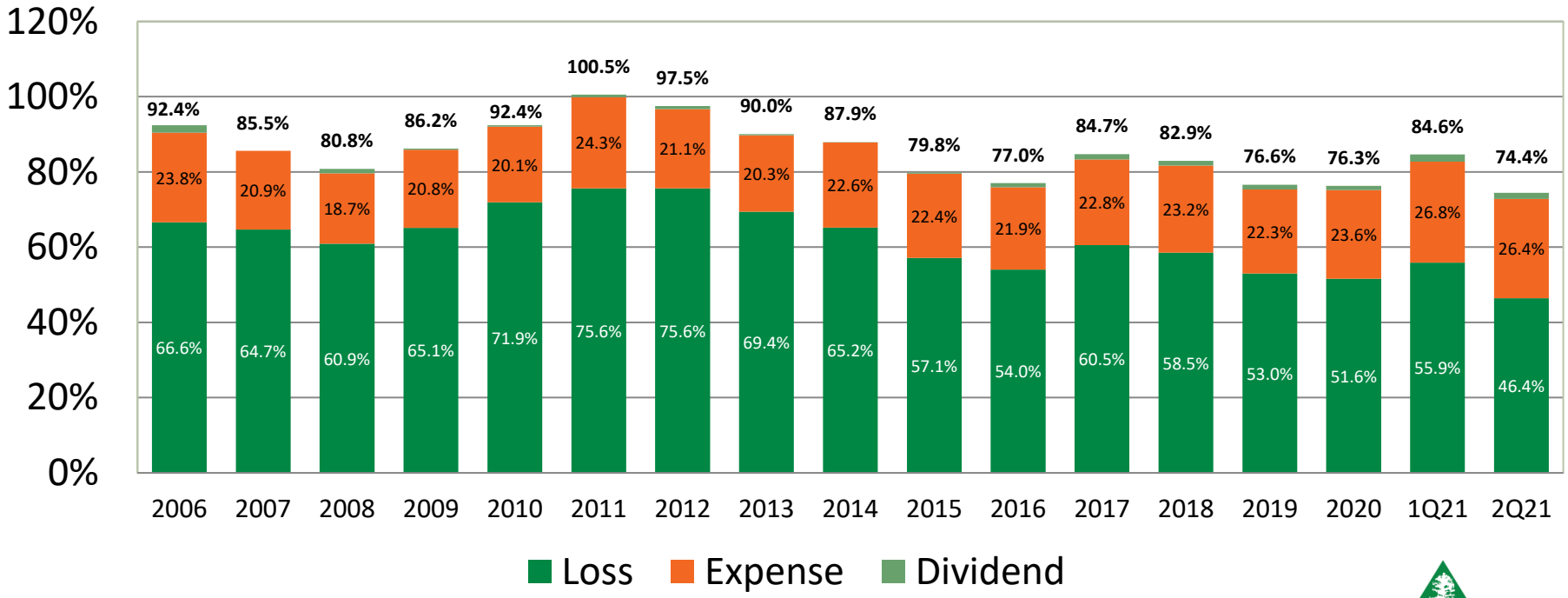
- Loss costs – estimated loss/$100 payroll approved by state regulator
- Loss cost multiplier (LCM) – multiplier applied to loss costs to cover company expenses above loss costs
- Effective loss cost multiplier (ELCM) – aggregate actual LCM, including the impact of discretionary pricing as permitted

Policy Year ELCM



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COMBINED RATIO



Consistently profitable underwriting

- Average 86.0 % combined ratio over the last fifteen years

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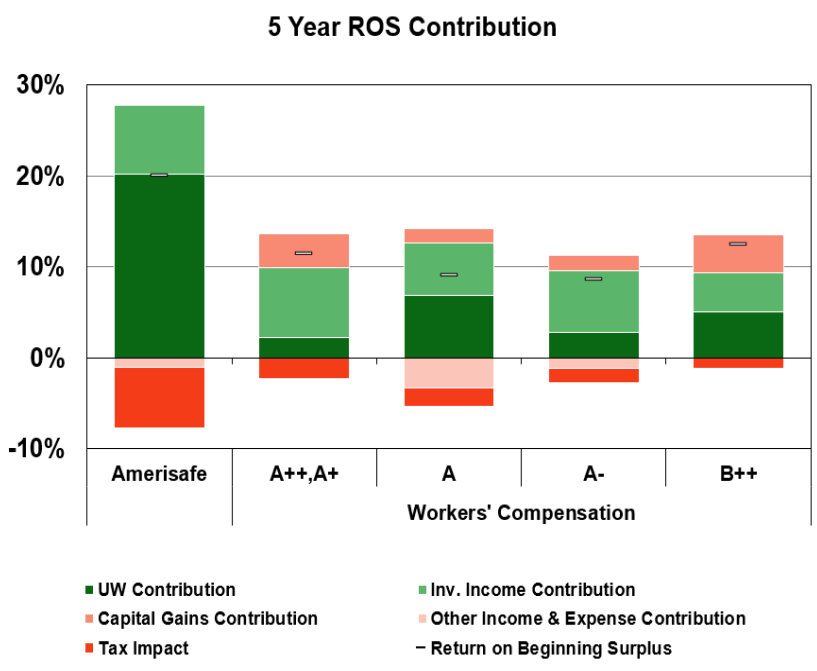
ECONOMIC MODEL – ROE DRIVERS

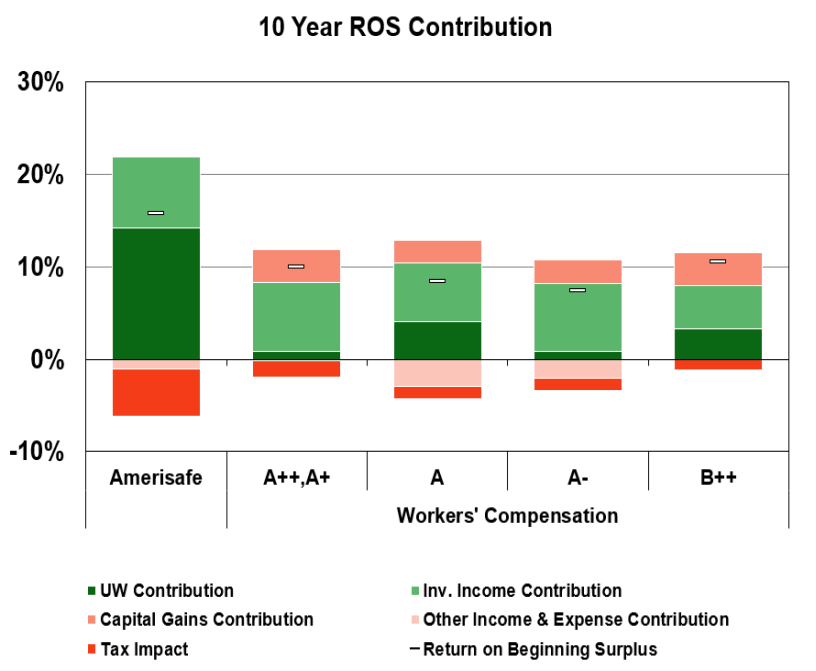
- Imperative to execute on the fundamentals of underwriting, safety and claims with investment yields at low levels
- At current leverage ratios, a 1 point change in Loss Ratio equates to a 26 bps change in yield to maintain ROE

	2021YTD
Loss Ratio	51.2%
+	
Expense Ratio	26.6%
+	
Policyholder Dividend Ratio	1.8%
=	
Combined Ratio	79.6%
Underwriting Profit	20.4%
x	
Operating Leverage	0.62
=	
Pre-tax ROAE from Underwriting	12.6%
Pre-tax Investment Yield	2.3%
x	
Investment Leverage	2.6
=	
Pre-tax Operating ROAE from Investing	6.0%
Pre-tax Operating ROAE from Other Income (Expense)	1.1%
Pre-tax Operating ROAE	19.7%
Effective Tax Rate	18.4%
Operating ROAE	16.1%

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CONTRIBUTIONS TO RETURNS



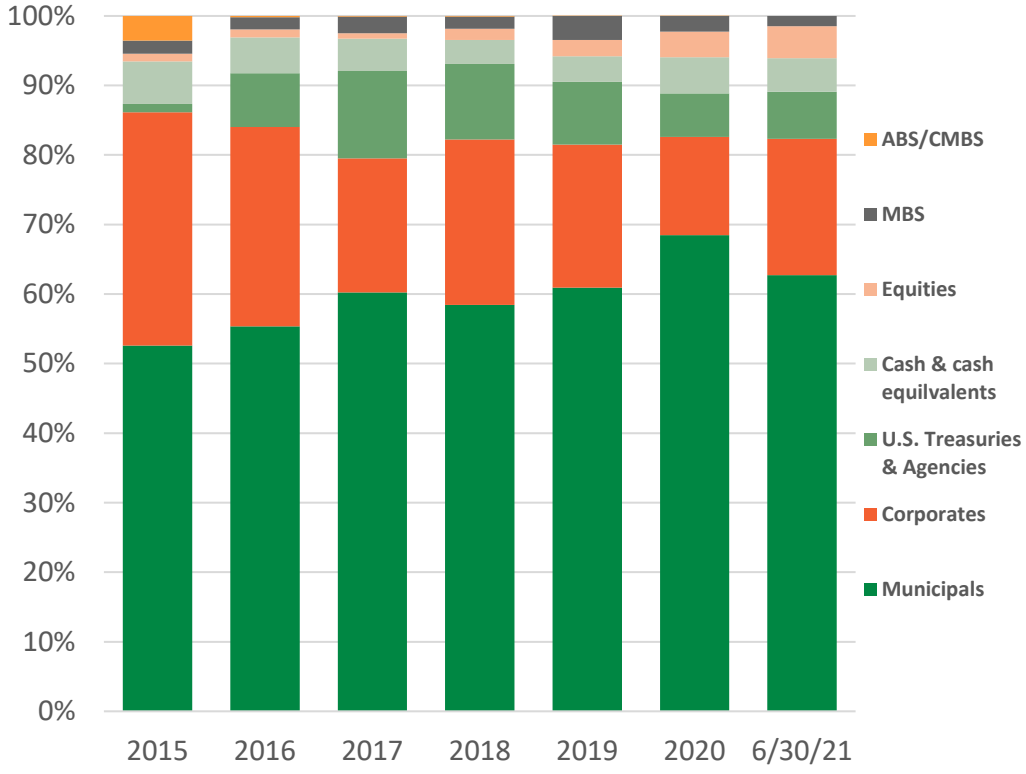


AMERISAFE continues to significantly outperform the A.M. Best rated workers' compensation peer group, primarily due to favorable underwriting performance.

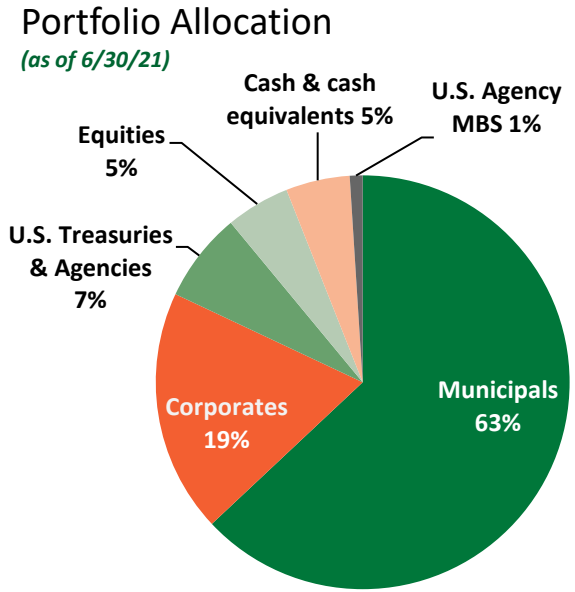
As of December 31, 2019; Source: Willis Towers Watson; A.M. Best Data

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INVESTMENT PORTFOLIO



Historical Portfolio Allocation



- Cash and investments carrying value of $1.2 billion
- Fixed-income securities average credit rating of “AA-”
- Taxable municipal bonds portfolio weight of 14%
- Average effective duration of cash and invested assets of 3.67

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CAPITAL MANAGEMENT

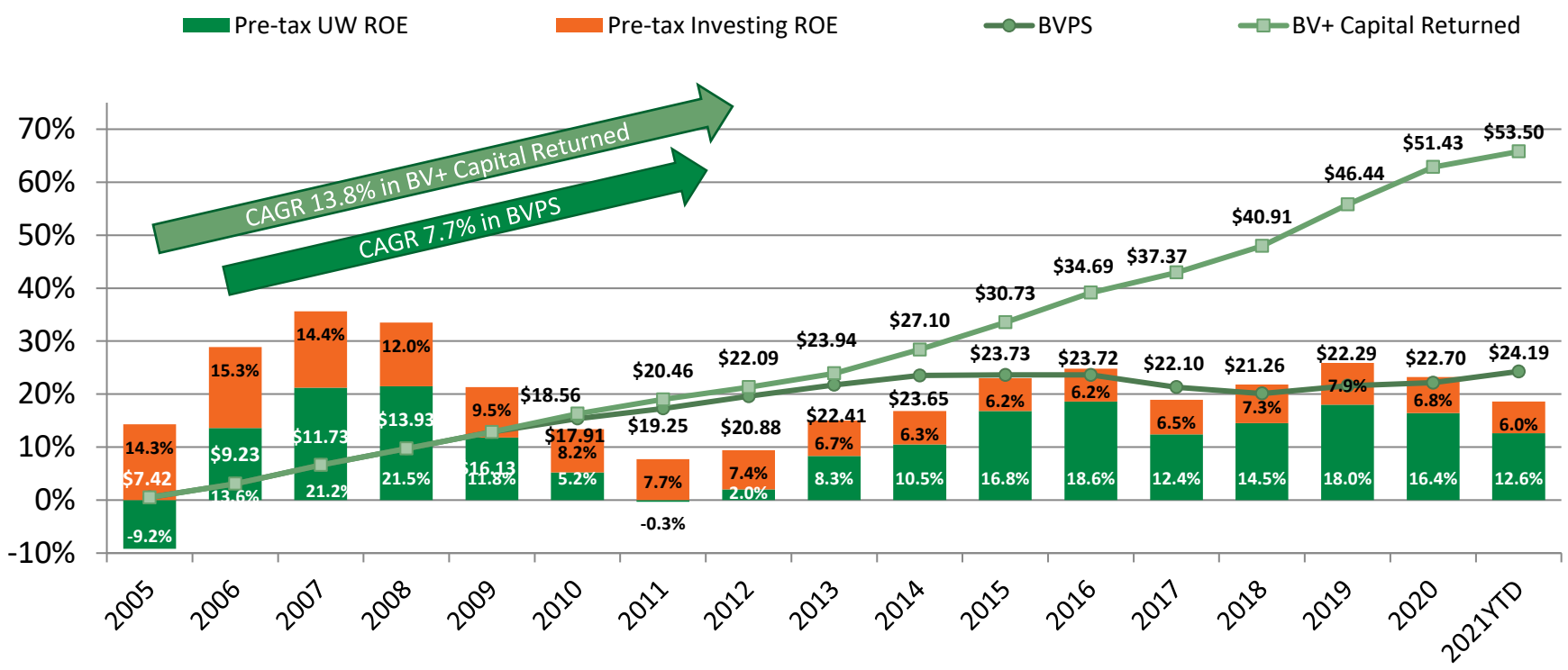
- **Goal: Maintain and Balance**
  - Hold prudent capital to maintain A.M. Best financial strength rating of “A”, yet achieve attractive returns for shareholders

- **History of Proactive Capital Management**
  - $62M of preferred and debt retirement
  - $22M of share repurchases
  - $543M of dividends paid
    - » Extraordinary Dividends of $28M in 2014; $57M in 2015; $63M in 2016; $67M in each of 2017, 2018, 2019 & 2020

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

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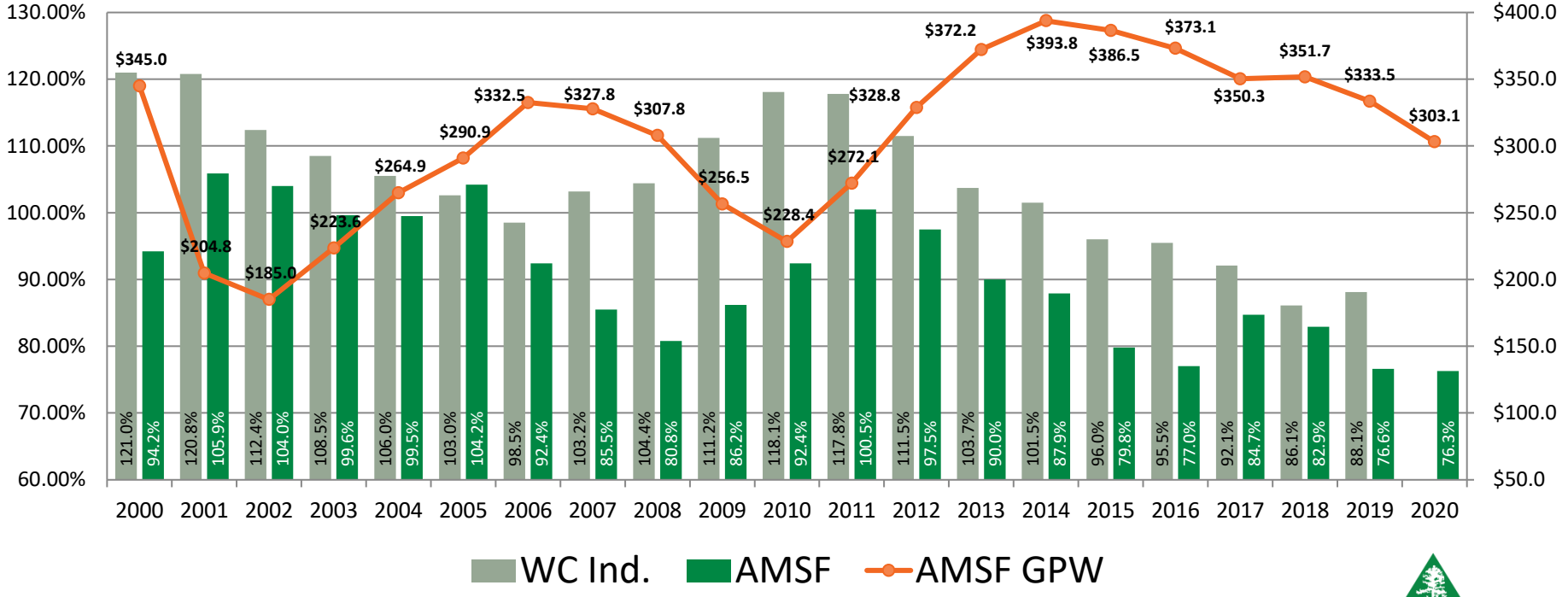
HISTORICAL FINANCIAL PERFORMANCE



CURRENT WORKERS' COMPENSATION MARKET CONDITIONS

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WC INDUSTRY COMBINED RATIO



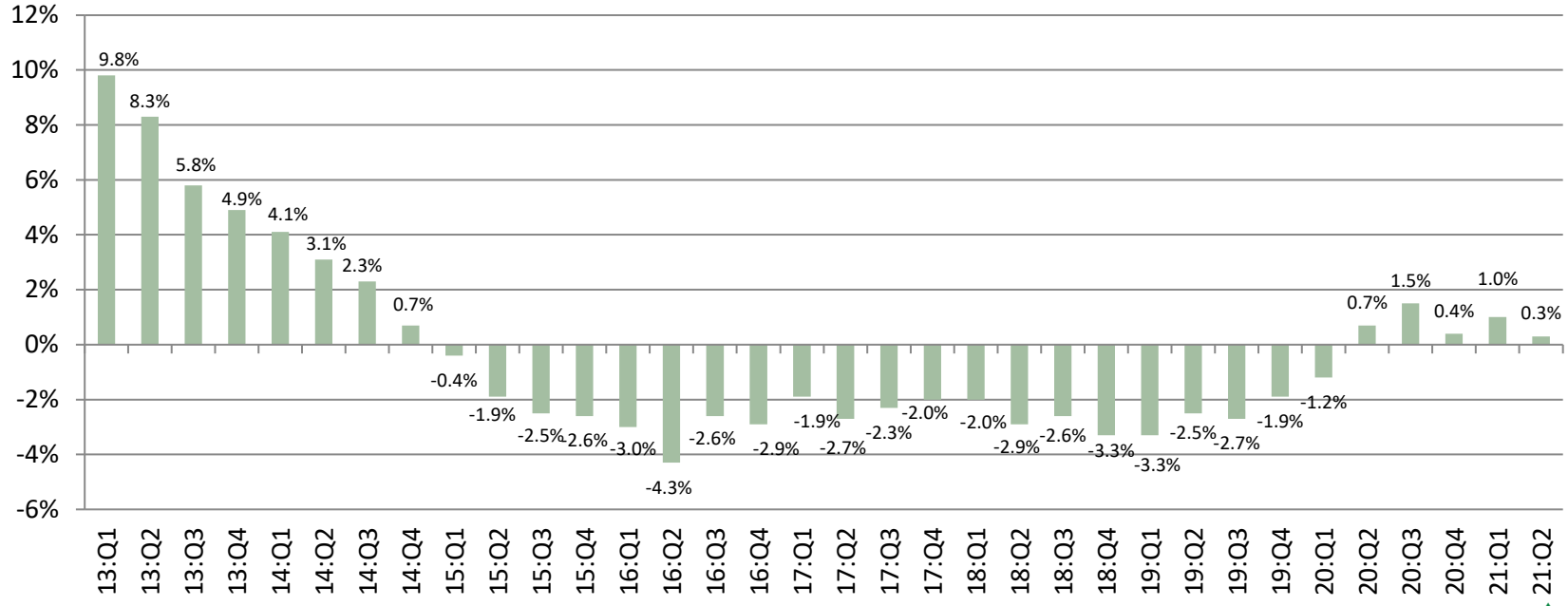
- AMSF Average Outperformance 13.9 pts., Since 2000
- AMSF Average Outperformance 14.1 pts., in last 10 years

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

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WORKERS' COMP RATE CHANGES

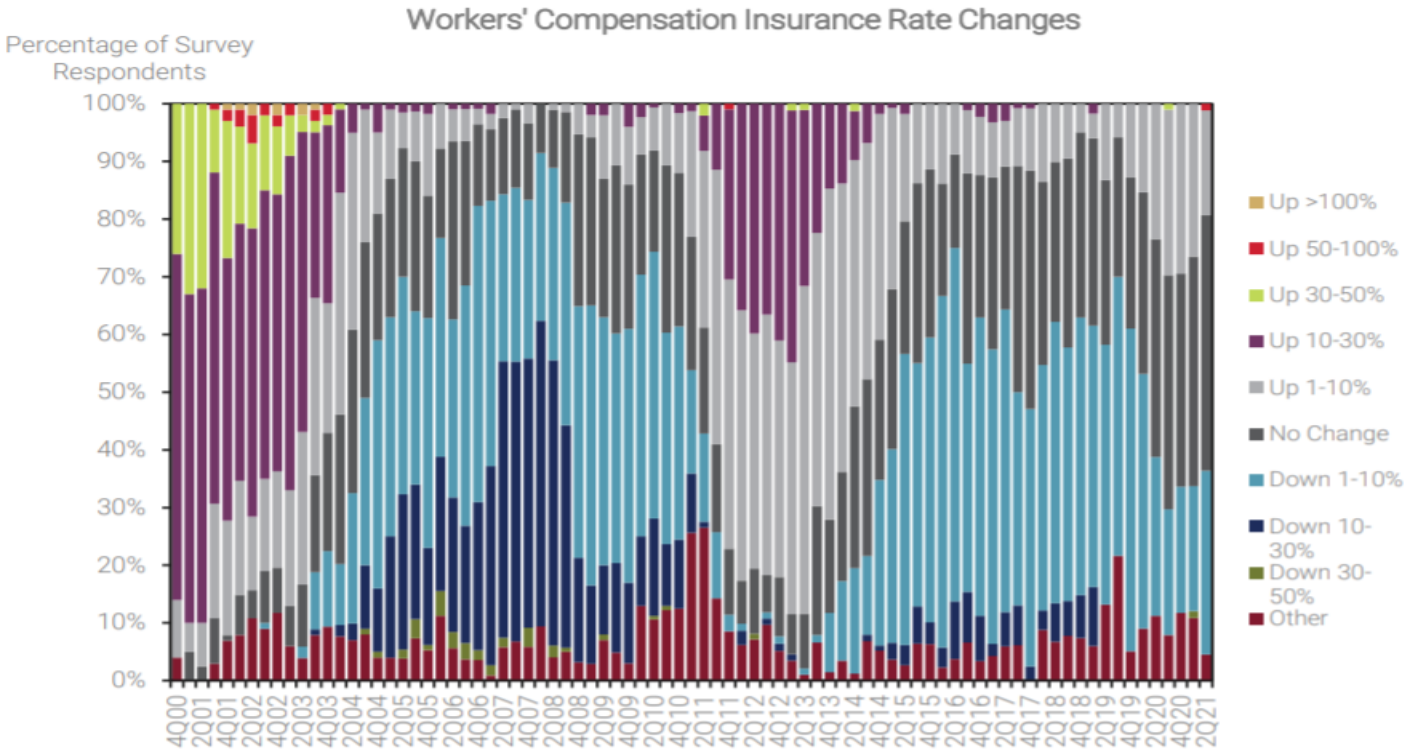
2013: Q1 – 2021: Q2



Source: The Council of Insurance Agents and Brokers.

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WC INSURANCE RATE CHANGES

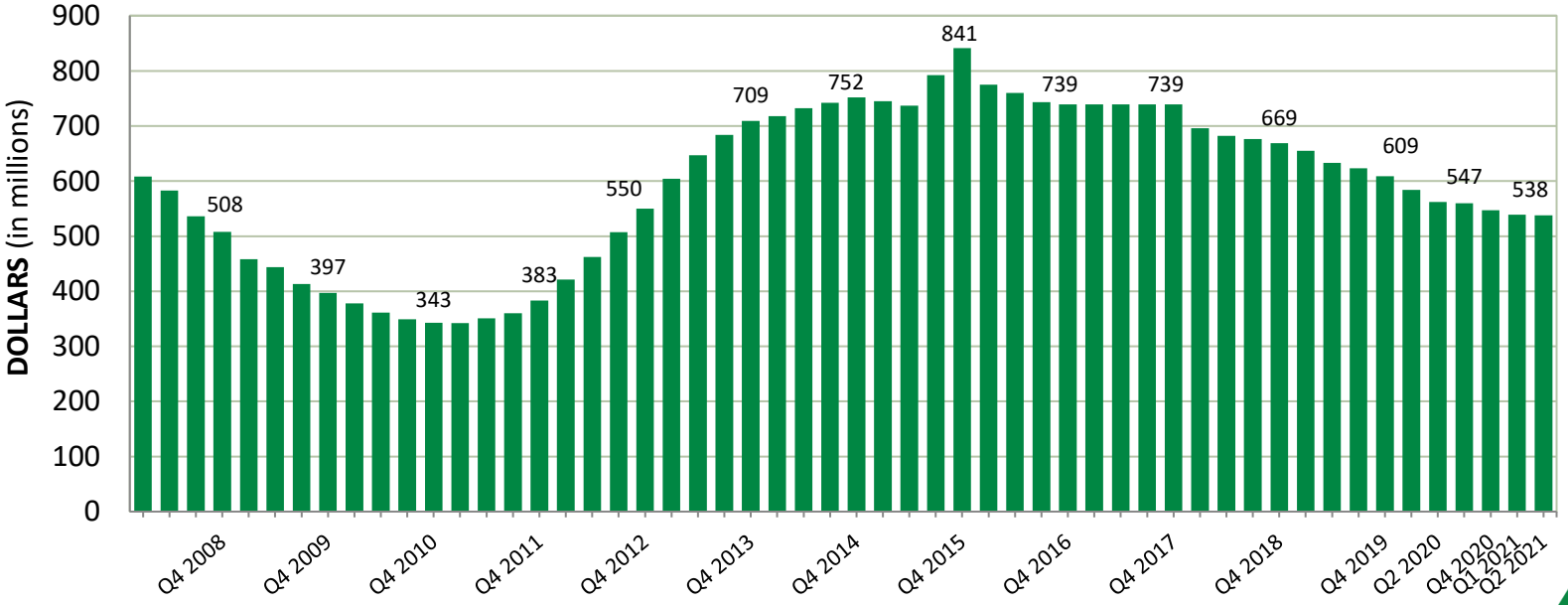


Source: The Council of Insurance Agents & Brokers.

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RESIDUAL MARKET ACTIVITY

ALL POOLS – NET WRITTEN PREMIUM*
ALL POLICY YEARS COMBINED

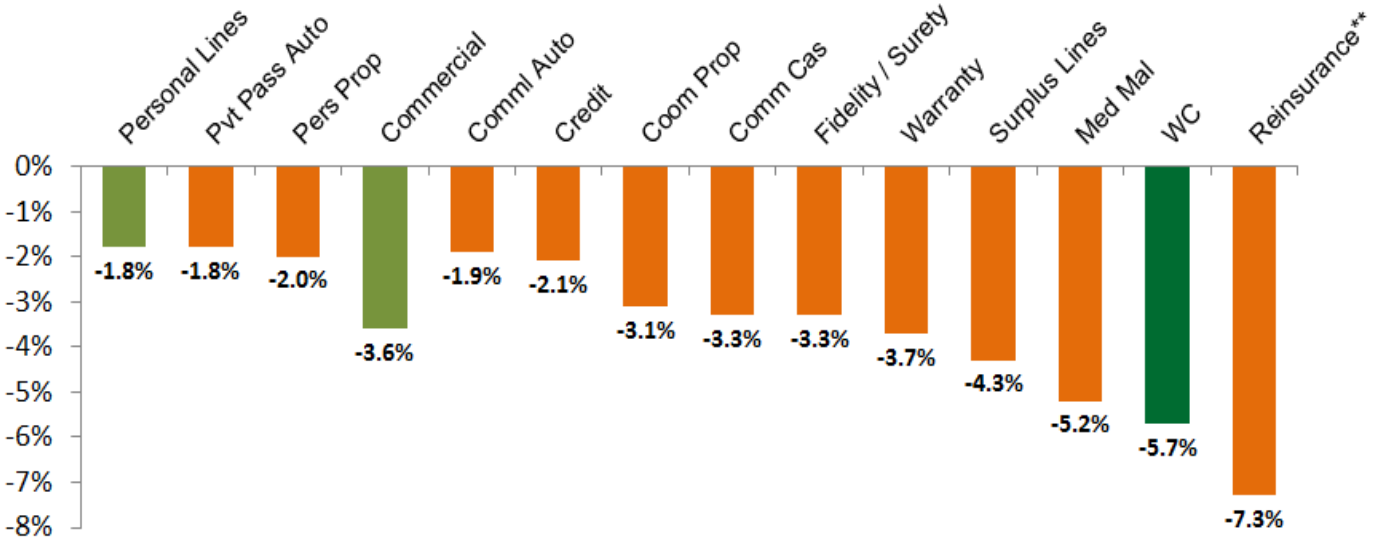


*Premium volume shown is the quarterly amount net of uncollectible premium for all states and net of premium ceded for the cost of excess reinsurance for AK and NM. Source: National Council of Compensation Insurance, Inc.

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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	$57.14
52 Week Range	$53.90 – 67.10
Shares Outstanding	19.4 M
Market Cap	$1.10 B
Book Value per Share	$24.19
Price-to-Book	2.36x

Market data as of September 3, 2021; Financial data as of June 30, 2021

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SELECTED BALANCE SHEET DATA

(IN THOUSANDS)

	2021YTD	2020	2019
Investments, Cash and cash equivalents	$1,170,346	$1,150,501	$1,168,831
Amounts recoverable from reinsurers	110,912	105,803	95,913
Premiums receivable, net	165,158	156,760	157,953
Deferred income taxes	14,219	13,665	17,513
Deferred policy acquisition costs	18,857	17,810	19,048
Other assets	26,771	26,316	33,648
Total Assets	1,506,263	1,470,855	1,492,906
Reserves for loss and loss adjustment expenses	744,969	760,561	772,887
Unearned premiums	138,861	129,260	140,873
Insurance-related assessments	18,688	17,995	22,967
Other liabilities	135,379	124,223	125,964
Shareholders' equity	468,366	438,816	430,215
METRICS			
Book Value Per Share	$24.19	$22.70	$22.29

INCOME STATEMENT

(IN THOUSANDS)

	2021YTD	2020	2019
Revenues:			
Gross premiums written	$155,238	$303,090	$333,460
Ceded premiums written	(5,003)	(10,276)	(8,995)
Net premiums written	$150,235	$292,814	$324,465
Net premiums earned	$140,634	$304,427	$332,888
Net investment income	13,313	29,364	32,483
Net realized gains (losses) on investments	1,498	1,132	(80)
Net unrealized gains (losses) on equity securities	8,797	4,204	4,758
Fee and other income	266	350	321
Total revenues	164,508	339,477	370,370
Expenses:			
Loss and loss adjustment expenses incurred	71,940	157,226	176,342
Underwriting and other operating costs	37,422	71,906	74,351
Policyholder dividends and other	2,350	3,426	4,160
Total expenses	111,712	232,558	254,853
Income before taxes	52,796	106,919	115,517
Income tax expense	9,717	20,317	22,827
Net income	$43,079	$86,602	$92,690