



AMERISAFE

Burkenroad Reports Investment Conference April 24, 2015



Michael Grasher
Chief Financial Officer

Vincent Gagliano
Chief Technology Officer

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.



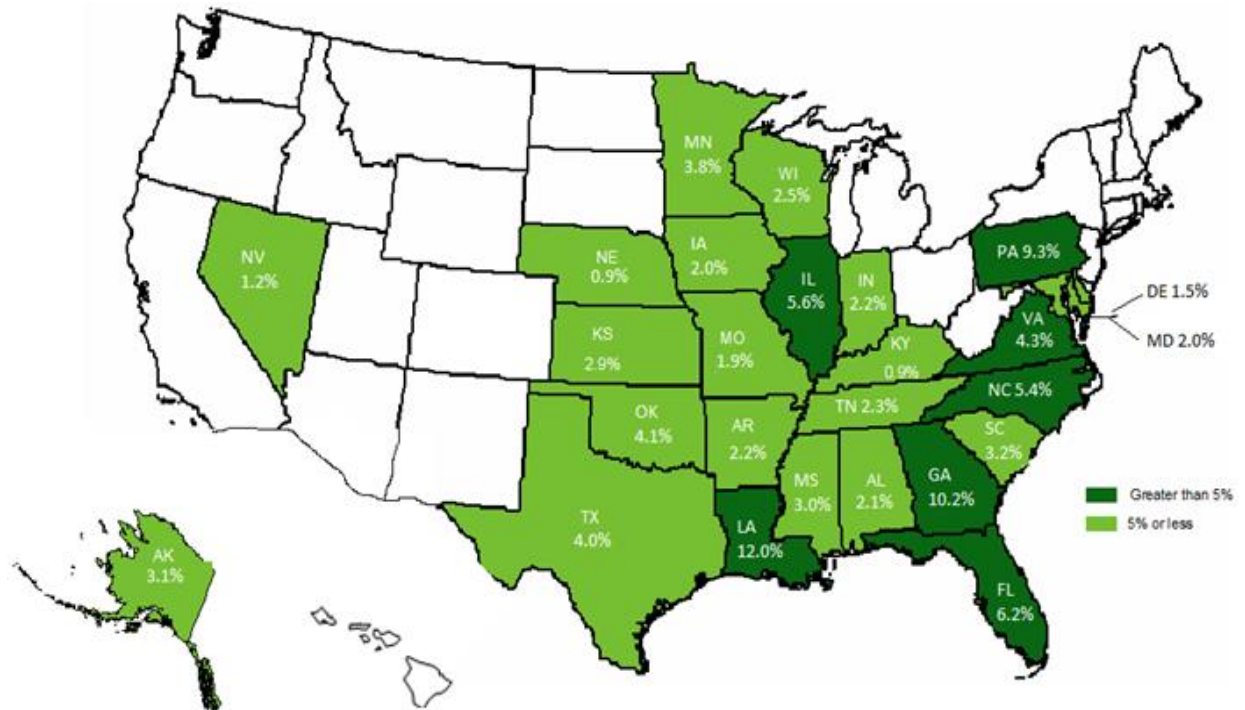
Overview

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

2014 Highlights

- GPW 5.8%
- Combined ratio: 87.9%
- ROAE: 12.4%

Premium Distribution by State

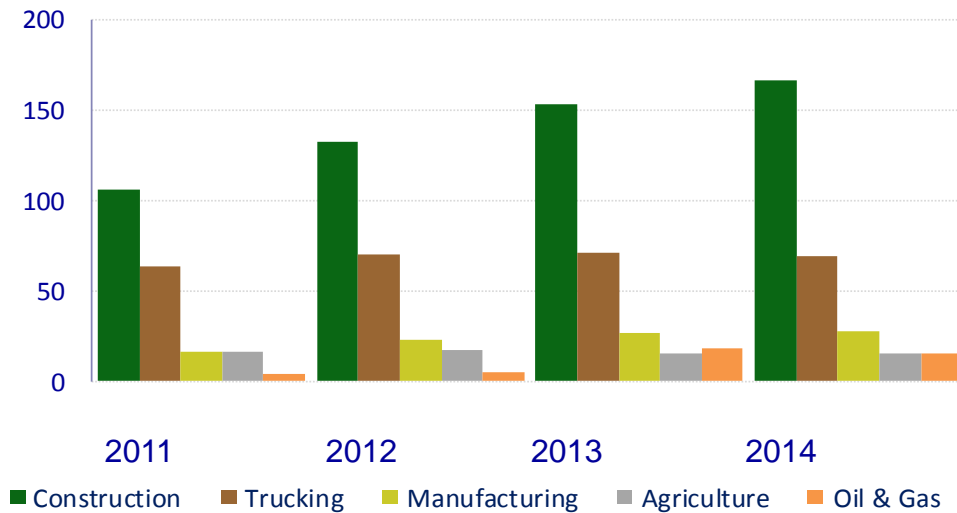


AMERISAFE actively markets insurance in 30 states and D.C.

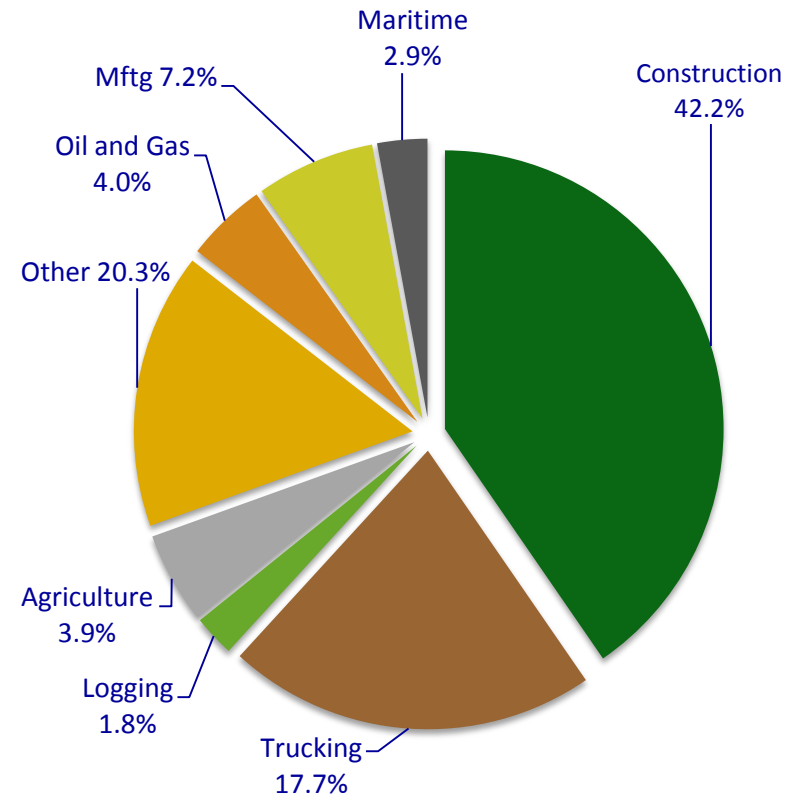


Premium Distribution

**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

AMSF

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

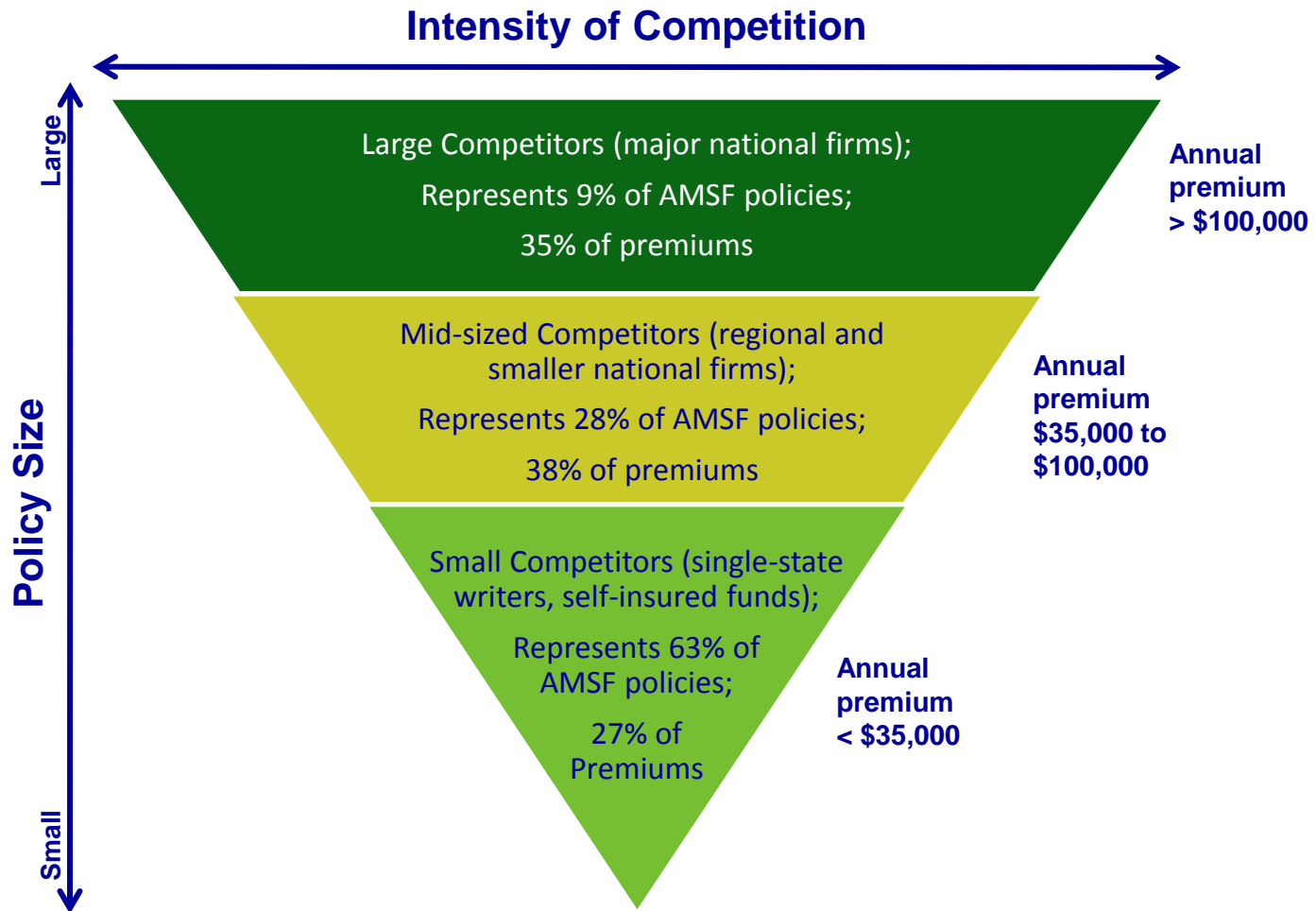
Intensive Claims Management

- 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

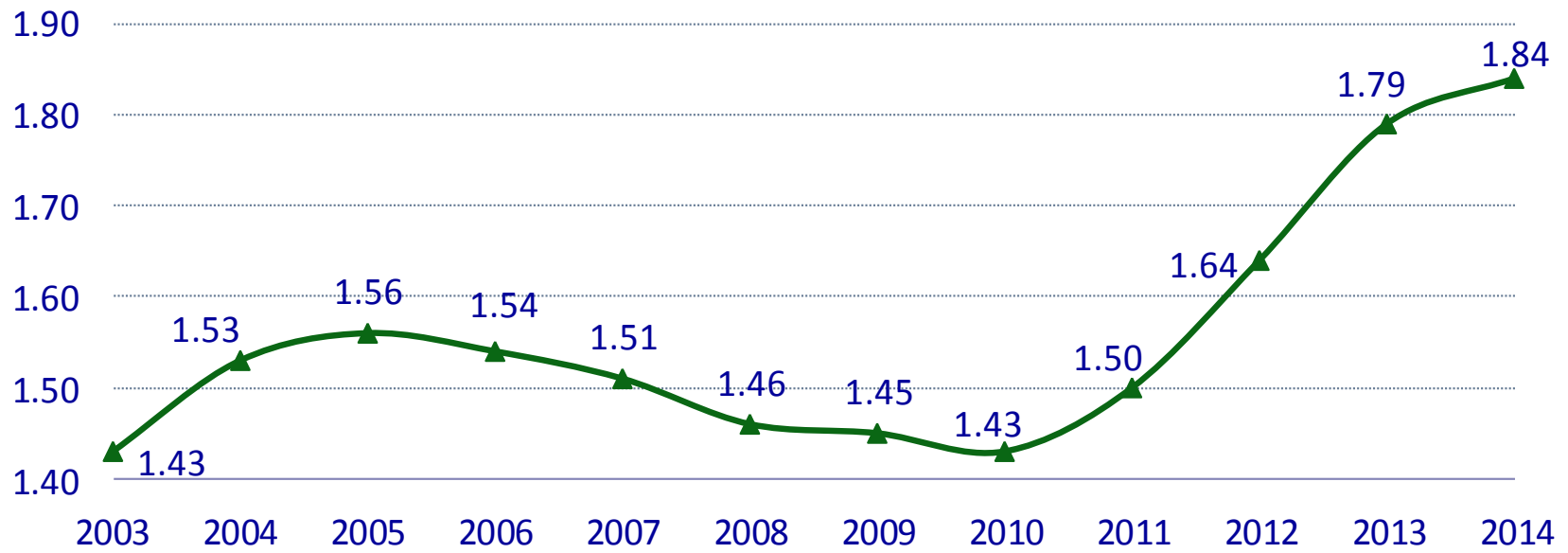
- Competition is fragmented, and favors multi-state writers of small to mid-sized employers



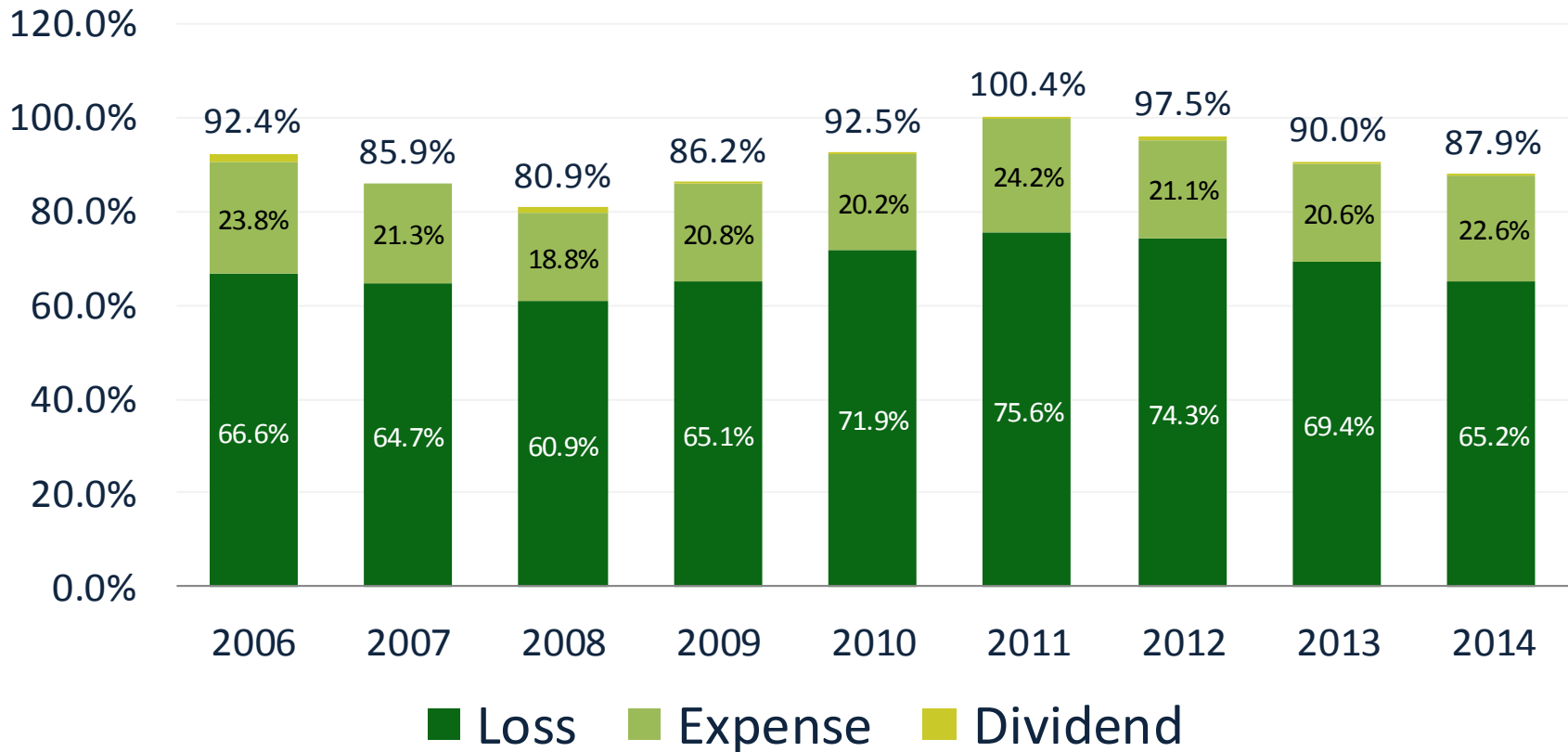
Pricing for Profitability

- 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

Policy Year ELCM



Combined Ratio



Consistently profitable underwriting

❖ Average 90.4 % since going public



Economic Model - ROE Drivers

	<u>2014</u>
Loss Ratio	65.2%
+	
Expense Ratio	22.6%
+	
Policyholder Dividend Ratio	0.1%
=	
Combined Ratio	87.9%
Underwriting Profit	12.1%
x	
Operating Leverage	0.85
=	
Pre-tax ROE from Underwriting	10.3%
Pre-tax Investment Yield	2.6%
x	
Investment Leverage	2.4
=	
Pre-tax ROE from Investing	6.2%
Pre-tax ROE from Other Income (Expense)	0.6%
Pre-tax ROE	17.1%
Effective Tax Rate	27.3%
ROE	12.4%

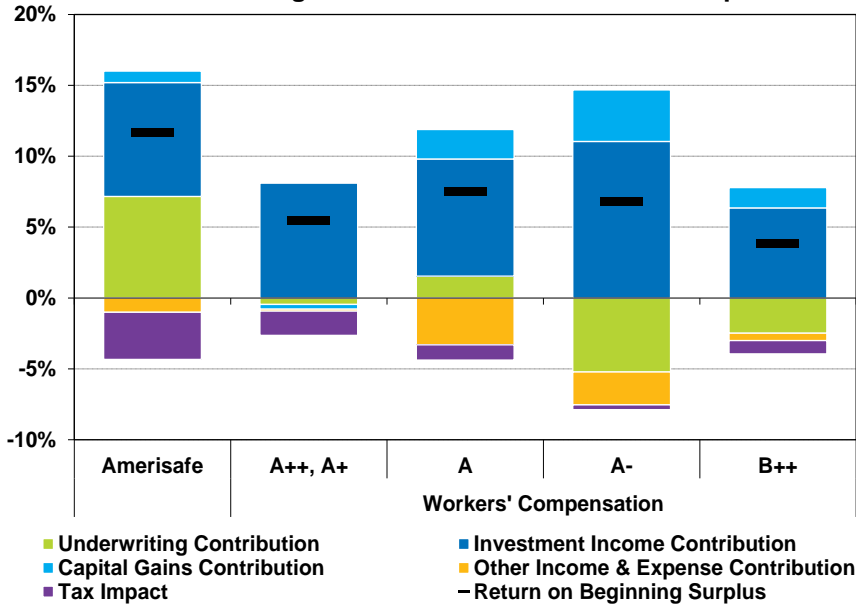
❖ Imperative to execute on the fundamentals of underwriting, safety and claims with investment yields at current levels

❖ At current leverage ratios, a 1 point change in Loss Ratio equates to a 35 BP change in yield to maintain ROE

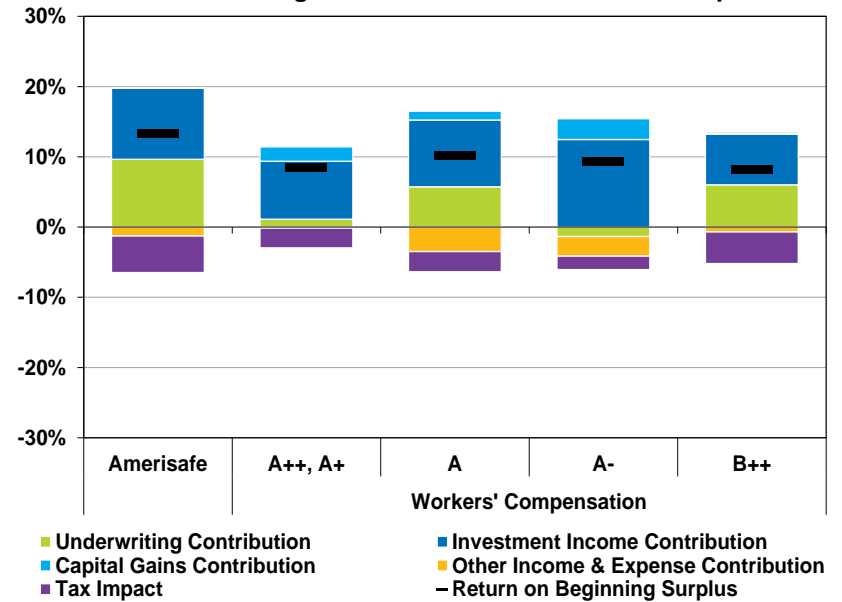


Contributions to Returns

5 Year Average Contribution and Return on Surplus



10 Year Average Contribution and Return on Surplus

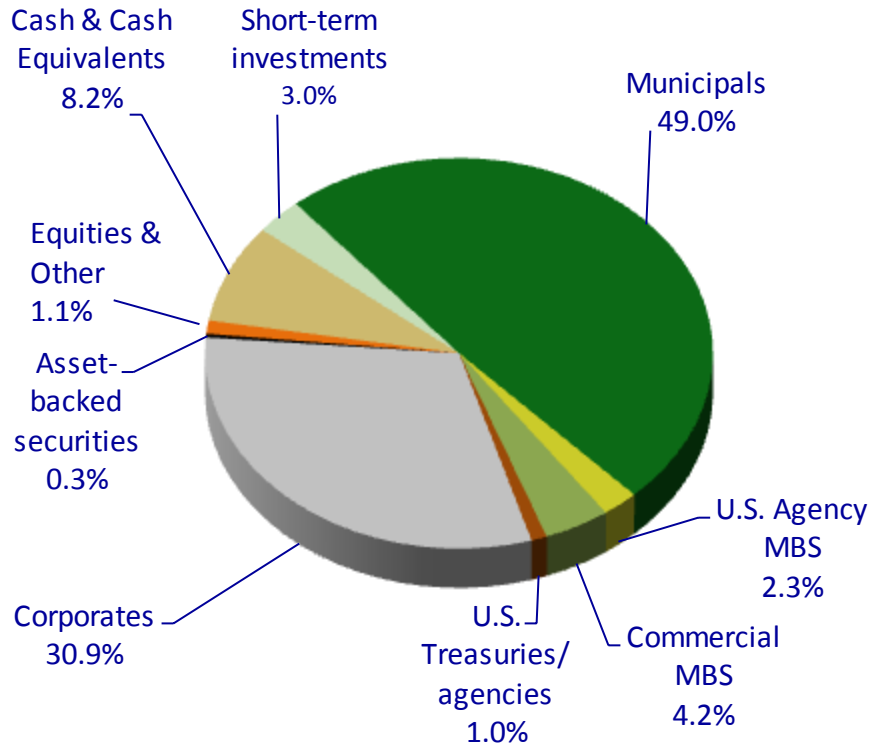


Source: A.M. Best



Investment Portfolio

Portfolio Allocation
(as of 12/31/2014)



- ◆ Carrying value of cash and investments was \$1.1 billion at December 31, 2014

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

(as of 12/31/2014)

Investment	Book Value (\$millions)	Fair Value (\$millions)	Unrealized Gain (Loss)
Municipals	\$385.6	\$405.7	\$20.1
Corporate Bonds	\$176.9	\$176.8	\$-0.1
Commercial MBS	\$46.7	\$48.6	\$1.9
U.S. Agency MBS	\$16.9	\$18.6	\$1.7
U.S. Treasuries	\$10.7	\$11.8	\$1.1
ABS	\$2.8	\$2.9	0.1
Total	\$639.6	\$664.4	\$24.8

- ◆ As of 12/31/2014, fixed-maturity securities have an average composite credit rating of "AA-"

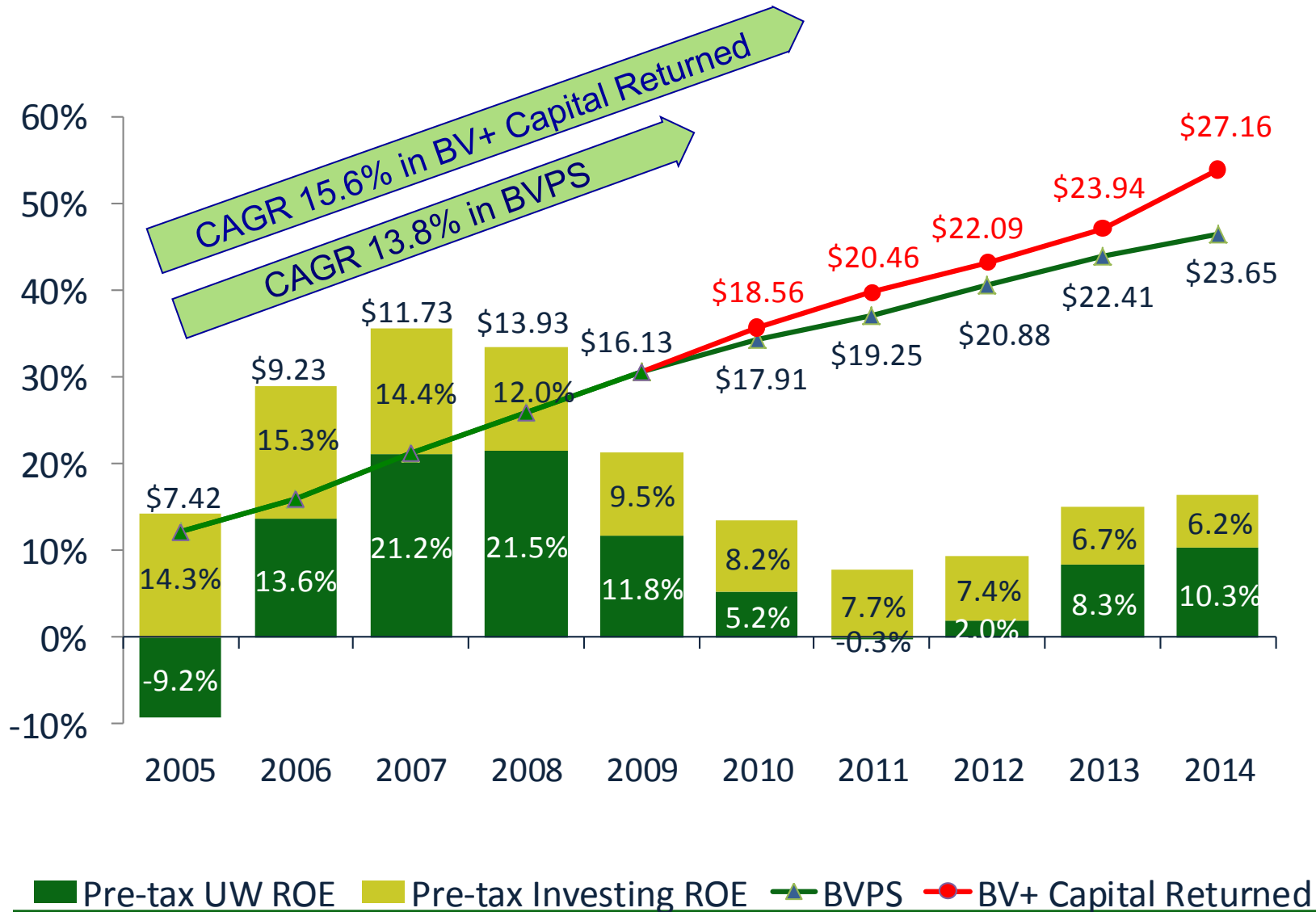


Capital Management

- 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
 - \$43.0M of dividends paid
- Current Capital Deployment Strategies
 - Organic growth
 - Acquisition considerations
 - Renewal rights
 - Balance sheet
 - Continued dividend payments
 - \$25M Share repurchase authorization



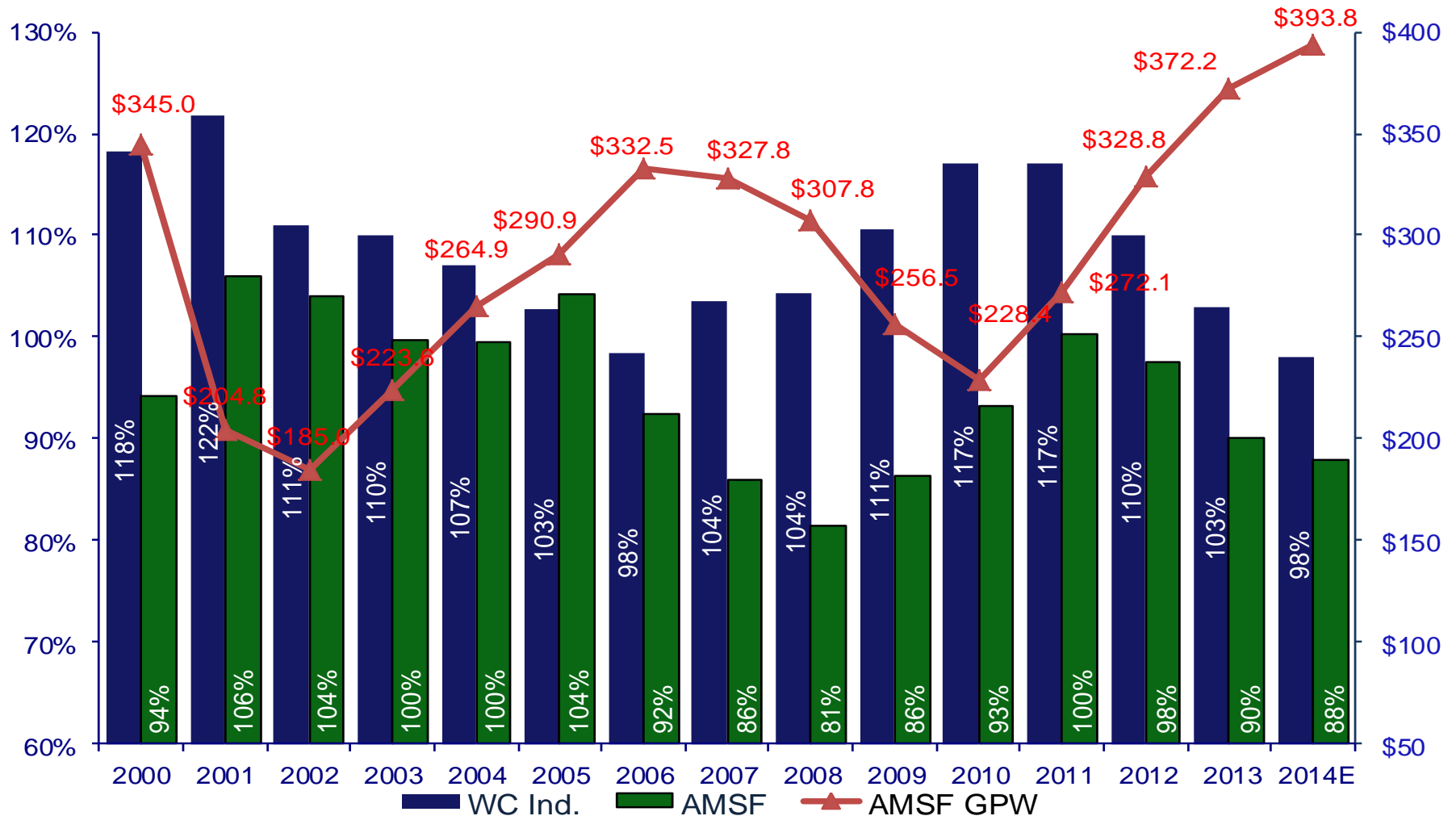
Historical Financial Performance



Current Workers' Compensation Market Conditions



WC Industry Combined Ratio



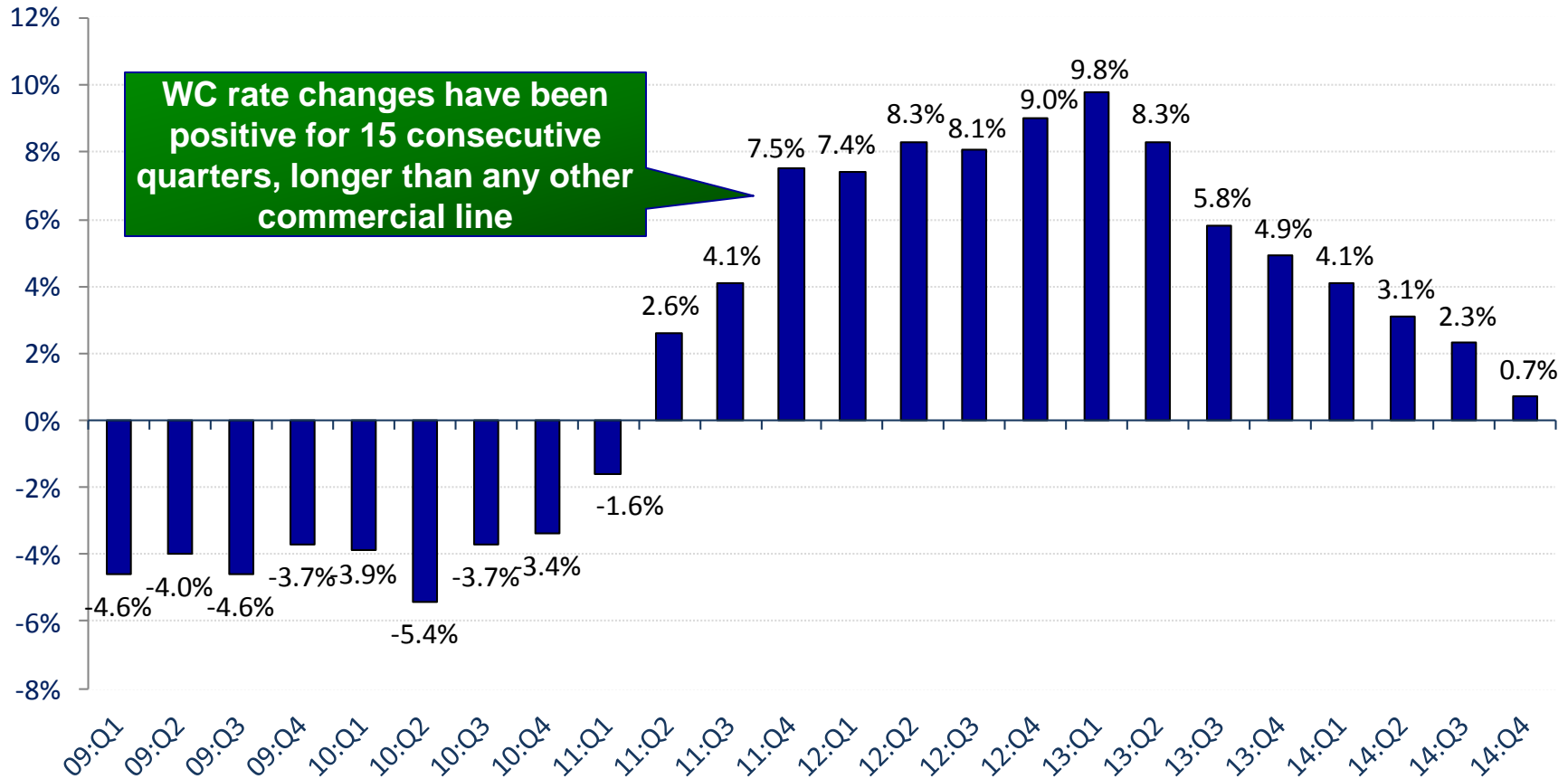
- ❖ AMSF Average Outperformance 14.4 pts., Since 2000
- ❖ AMSF Average Outperformance 17.3 pts., Since 2006

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



Workers Comp Rate Changes, 2009:Q1 – 2014:Q4

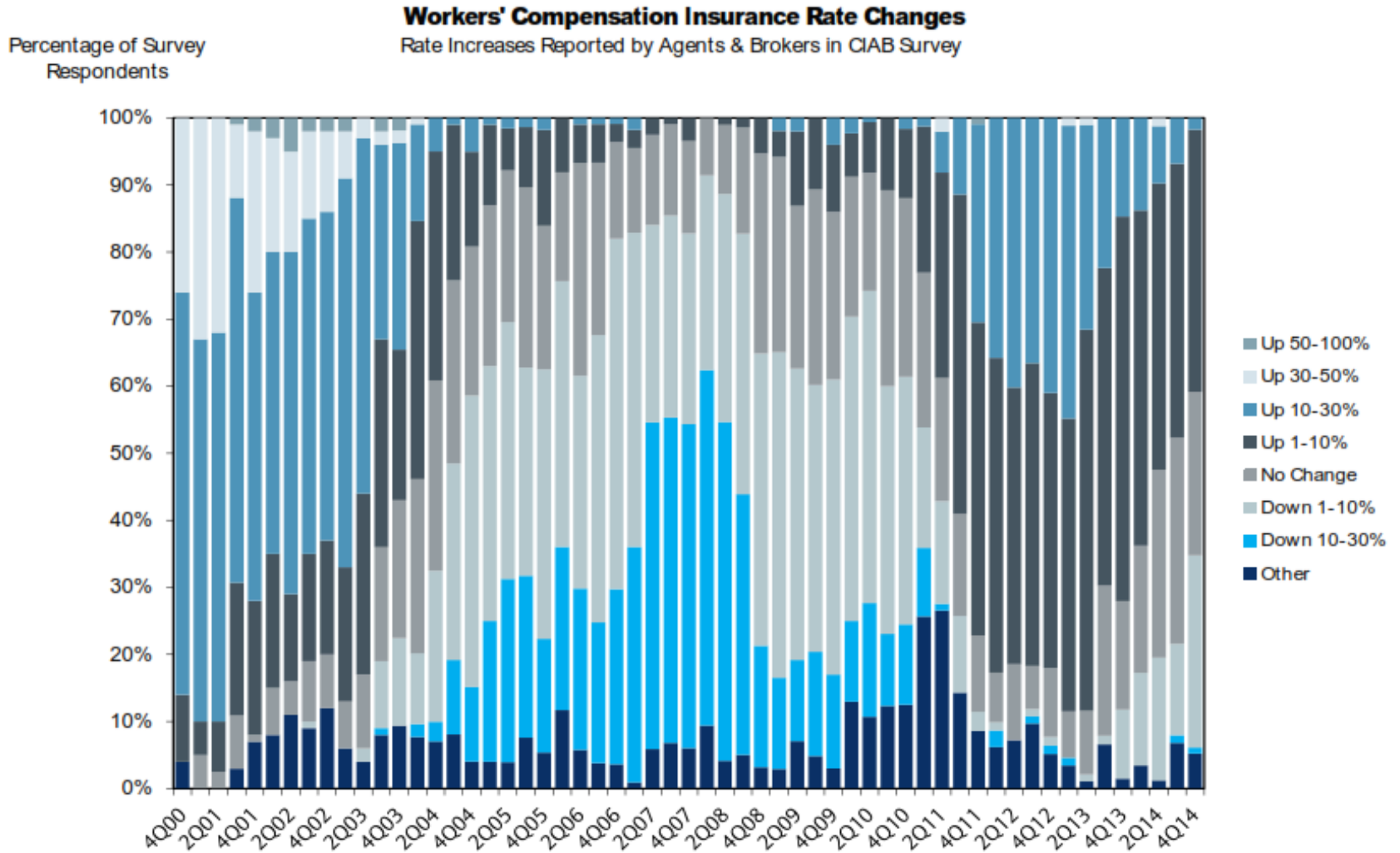
(Percent Change)



Source: The Council of Insurance Agents and Brokers.



WC Insurance Rate Changes

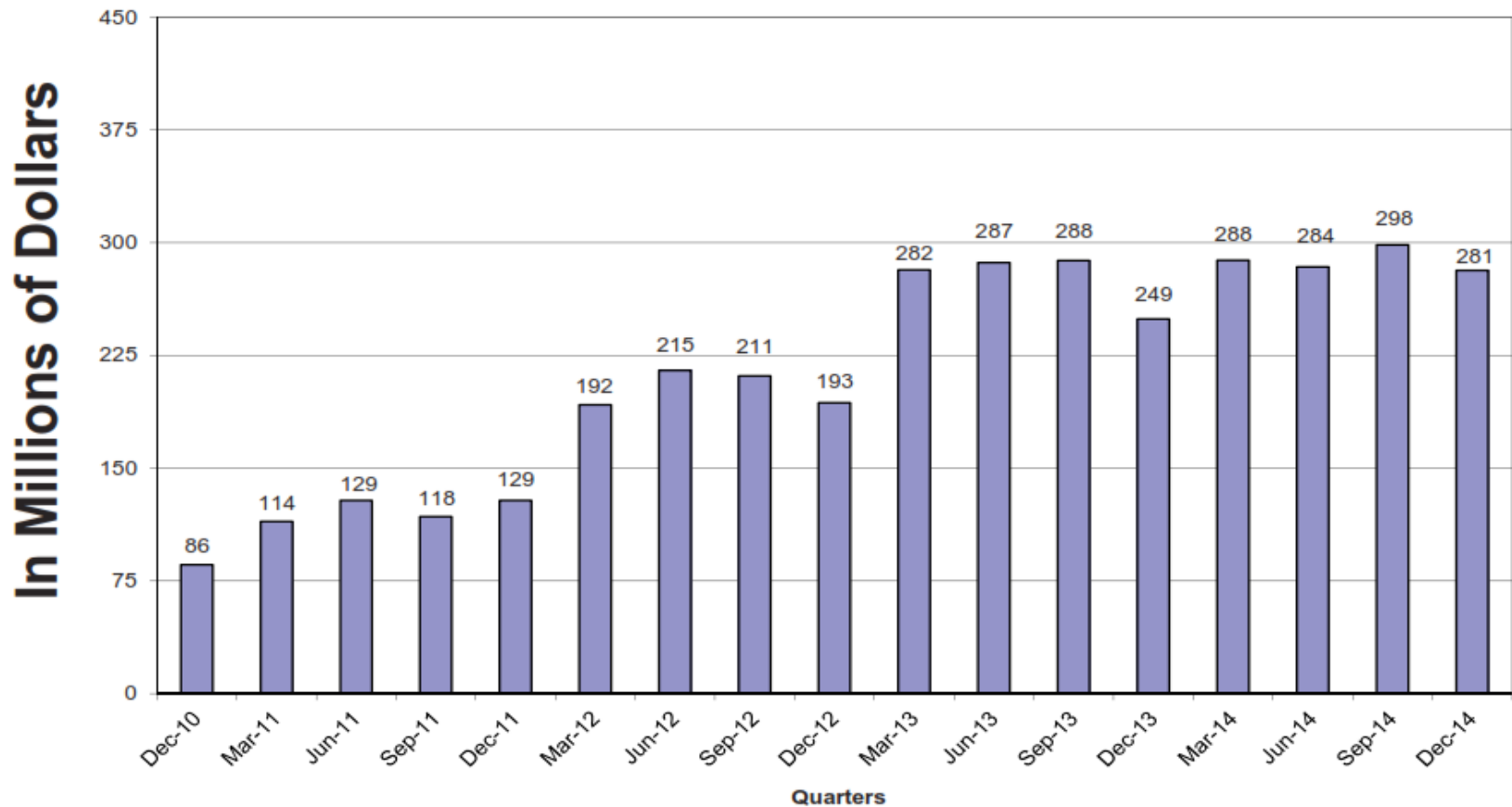


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



Residual Market Activity

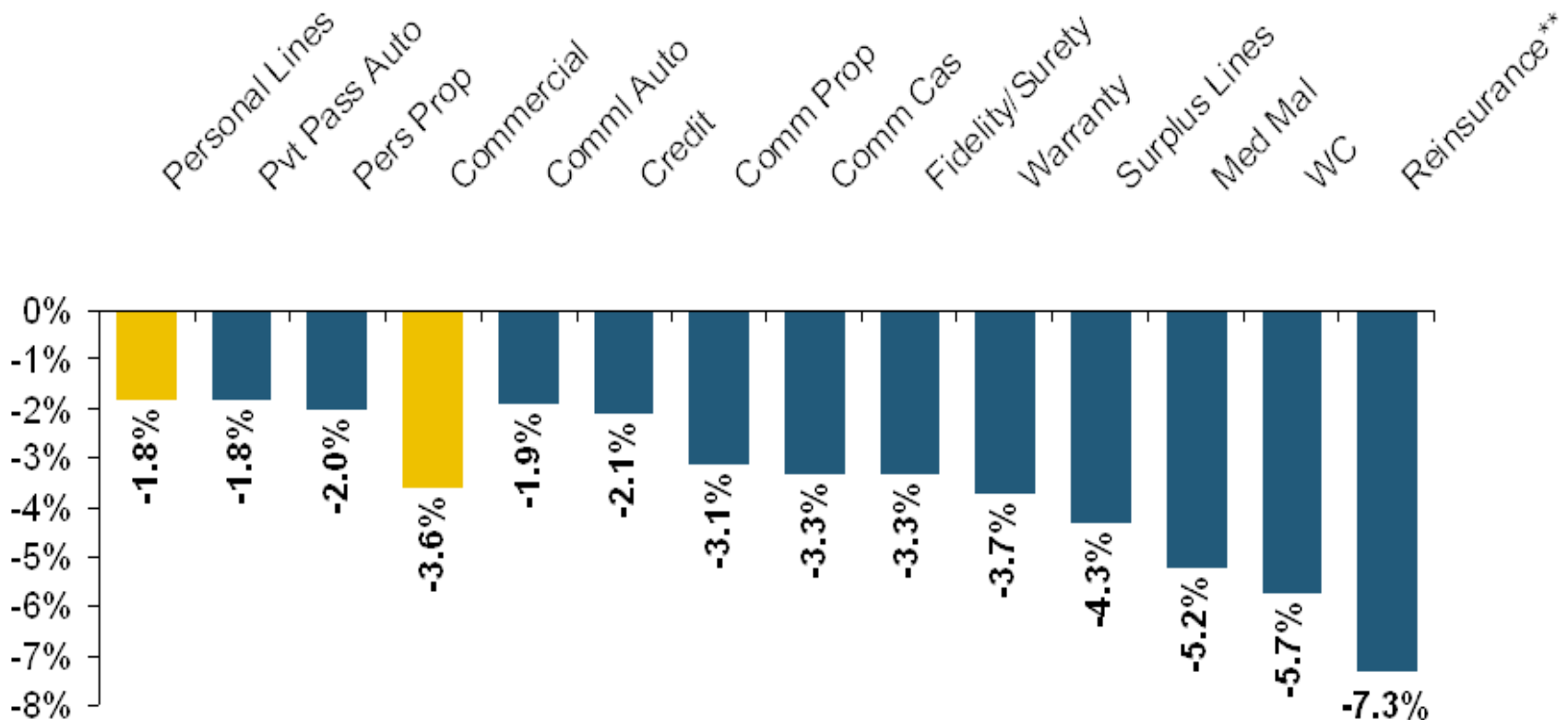
ALL POOLS - NET WRITTEN PREMIUM*
ALL POLICY YEARS COMBINED



*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.



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	\$46.21
52 week range	\$35.15 - \$46.89
Shares Outstanding	18.7 M
Market Cap	\$878 M
Book Value per Share	\$23.65
Price-to-Book	1.95

Market data as of April 13, 2015; Financial data as of December 31, 2014



Selected Balance Sheet Data

(in thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Investments, Cash and cash equivalents	1,107,289	1,001,852	900,792
Amounts recoverable from reinsurers	85,888	75,326	101,352
Premiums receivable, net	178,917	171,579	141,950
Deferred income taxes	31,231	33,645	29,521
Deferred policy acquisition costs	19,649	19,171	18,419
Other Assets	34,246	27,428	28,732
Total Assets	1,457,220	1,329,001	1,220,946
Reserves for loss and loss adjustment expenses	687,602	614,557	570,450
Unearned premiums	168,576	164,296	140,528
Insurance-related assessments	29,315	25,428	22,244
Other Liabilities	124,579	107,906	106,502
Shareholders' equity	446,968	416,814	381,222
<u>Metrics</u>			
Book Value Per Share	\$23.65	\$22.41	\$20.88



Income Statement

(in thousands)

	<u>2014</u>	<u>2013</u>
<u>Revenues:</u>		
Gross premiums written	\$393,819	\$372,177
Ceded premiums written	(13,793)	(18,425)
Net premiums written	<u>\$380,026</u>	<u>\$353,752</u>
Net premiums earned	\$375,747	\$329,983
Net investment income	27,214	27,029
Net realized gains (losses) on investments	697	(1,211)
Fee and other income	361	534
Total revenues	<u>404,019</u>	<u>356,335</u>
<u>Expenses:</u>		
Loss and loss adjustment expenses incurred	244,916	228,973
Underwriting and other operating costs	84,963	67,116
Policyholder dividends	391	1,042
Total expenses	<u>330,270</u>	<u>297,131</u>
Income before taxes	73,749	59,204
Income tax expense	20,083	15,567
Net income	<u>\$53,666</u>	<u>\$43,637</u>

