



AMERISAFE

SunTrust Robinson Humphrey Visits March 20-22, 2017



G. Janelle Frost
Chief Executive Officer

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Chief Financial 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,” 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, 2016. 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.



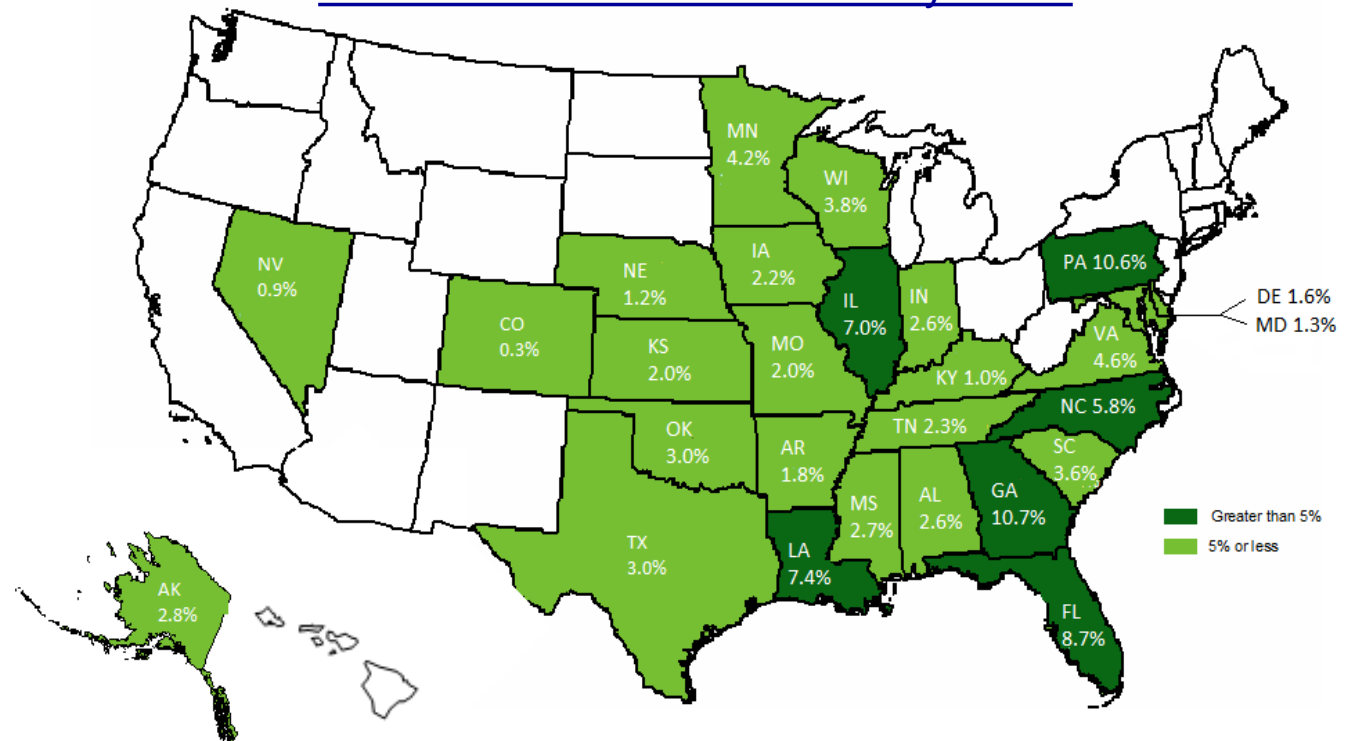
Overview

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

2016 Premium Distribution by State

2016 Highlights

- GPW Growth: -3.5%
- Combined ratio: 77.0%
- ROAE: 17.1%

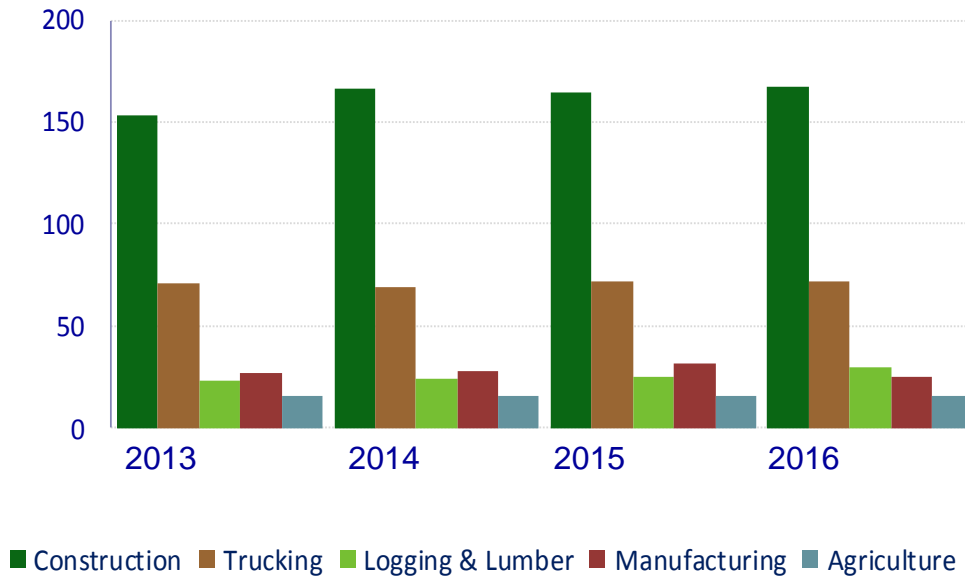


AMERISAFE actively markets insurance in 27 states

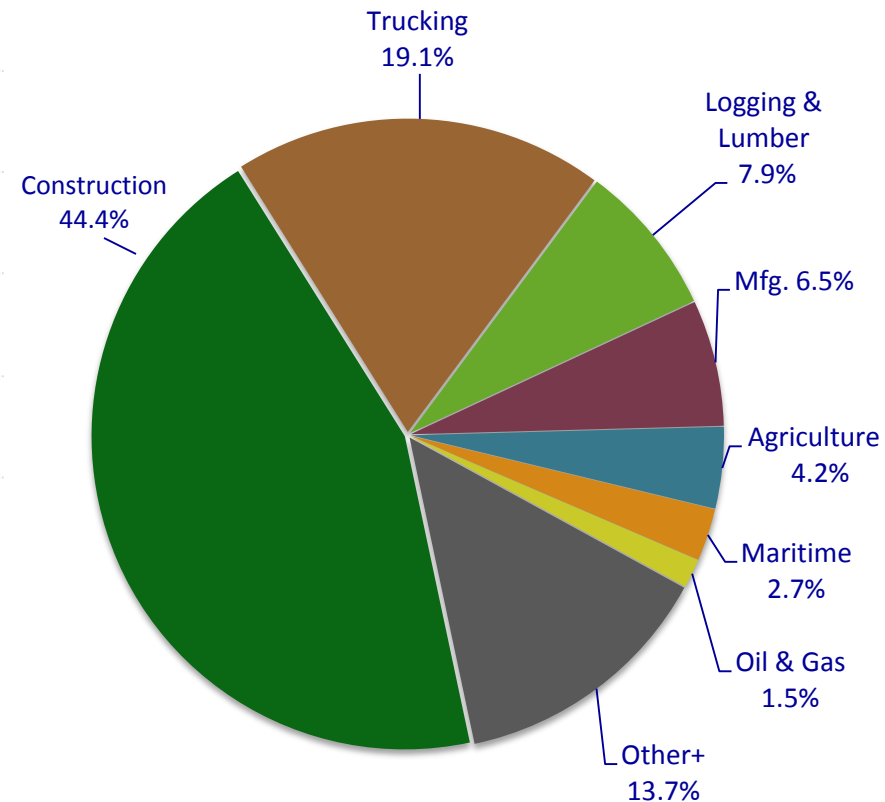


Premium Distribution

**Historical Premium Distribution
of Major Industry Groups**
(in \$ millions)



Premium Distribution by Industry as of 12/31/16
*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.



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 90% of new accounts
- FSPs geographically dispersed

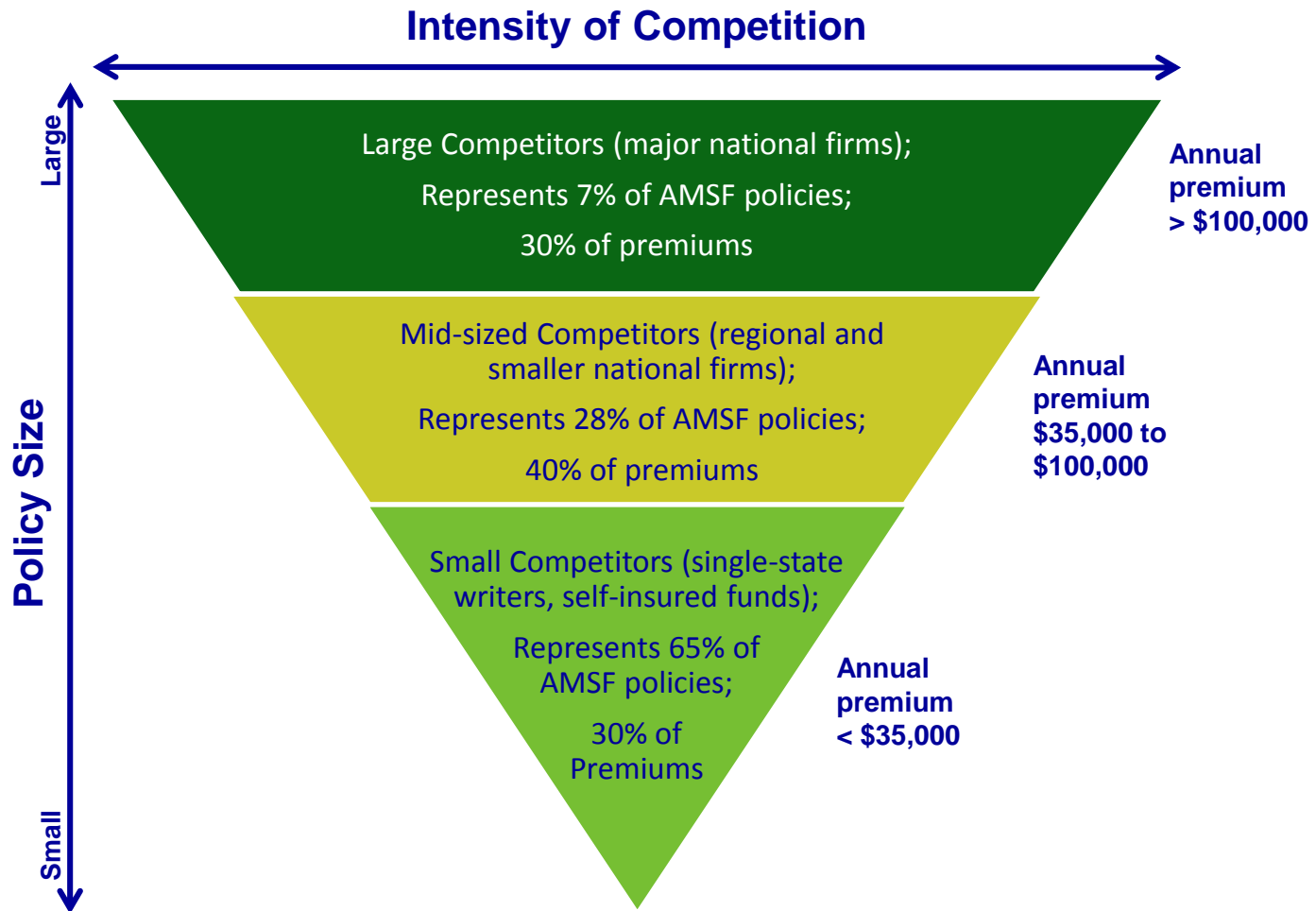
Intensive Claims Management

- 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



Amerisafe Customer Overview

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



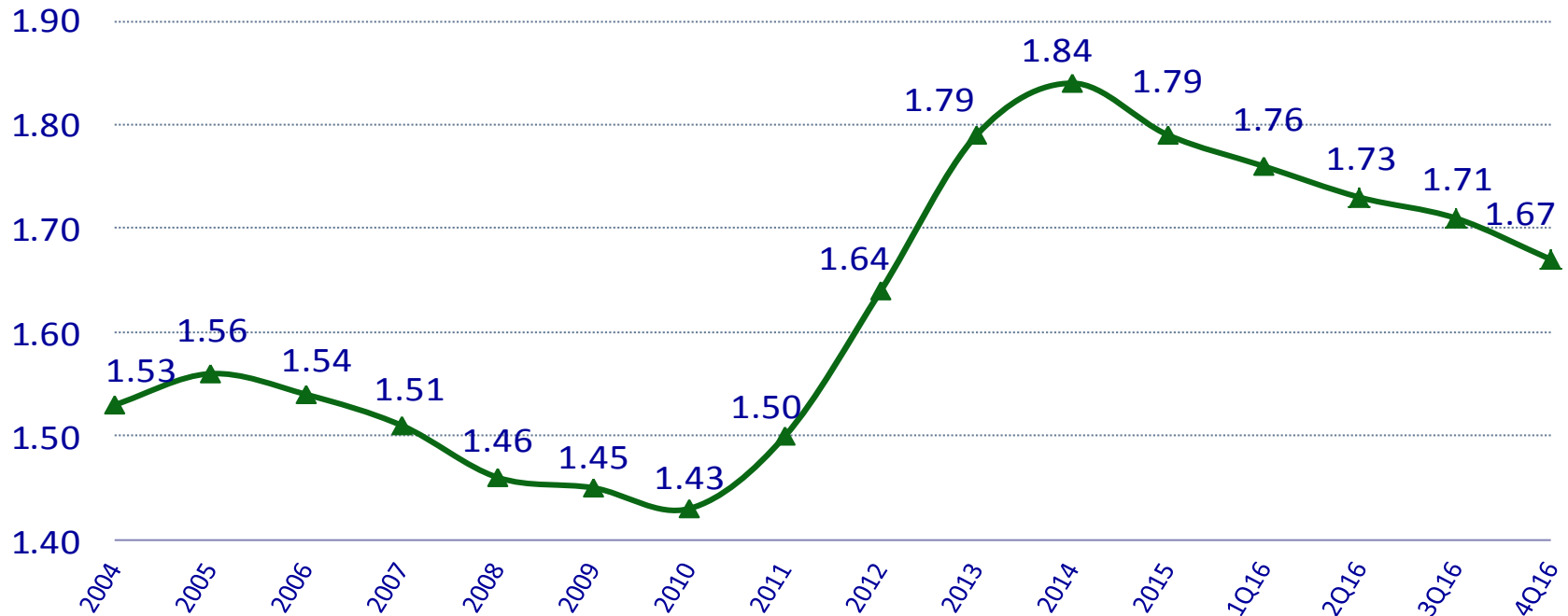
As of 12/31/2016



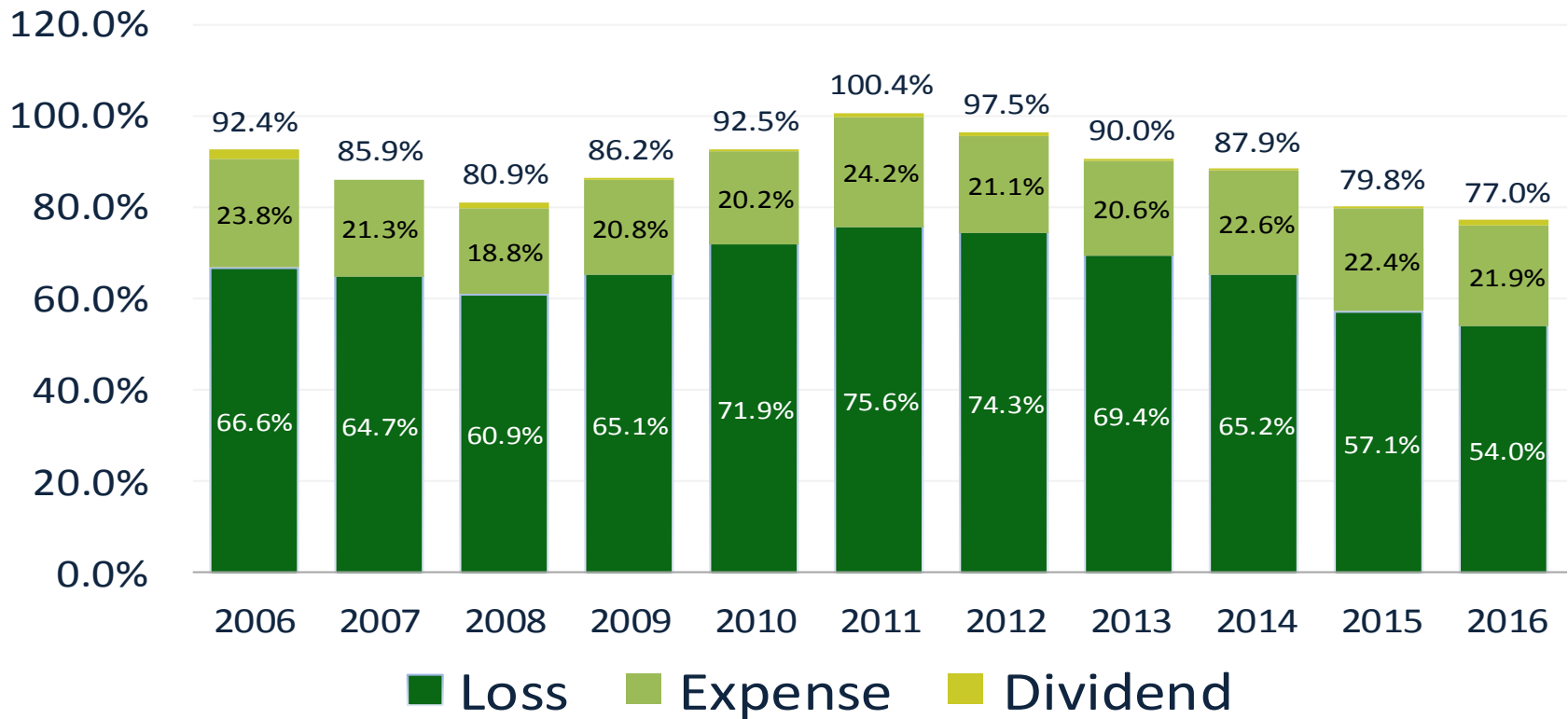
Pricing for Profitability

- 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 88.2 % last eleven years



Economic Model - ROE Drivers

2016

Loss Ratio	54.0%
+	
Expense Ratio	21.9%
+	
Policyholder Dividend Ratio	1.1%
=	
Combined Ratio	77.0%

Underwriting Profit	23.0%
x	
Operating Leverage	0.81
=	
Pre-tax ROAE from Underwriting	18.6%

Pre-tax Investment Yield	2.5%
x	
Investment Leverage	2.5
=	
Pre-tax ROAE from Investing	6.2%

Pre-tax ROAE from Other Income (Expense)	0.0%
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Pre-tax ROAE	24.8%
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Effective Tax Rate	31.0%
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ROAE	17.1%
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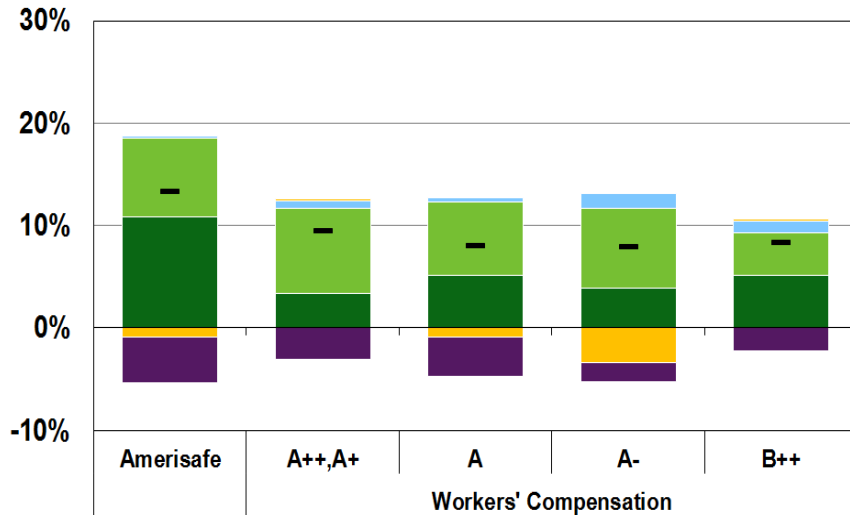
❖ Imperative to execute on the fundamentals of underwriting, safety and claims with investment yields at current levels

❖ At current leverage ratios, a 1 point change in Loss Ratio equates to a 31 BP change in yield to maintain ROE

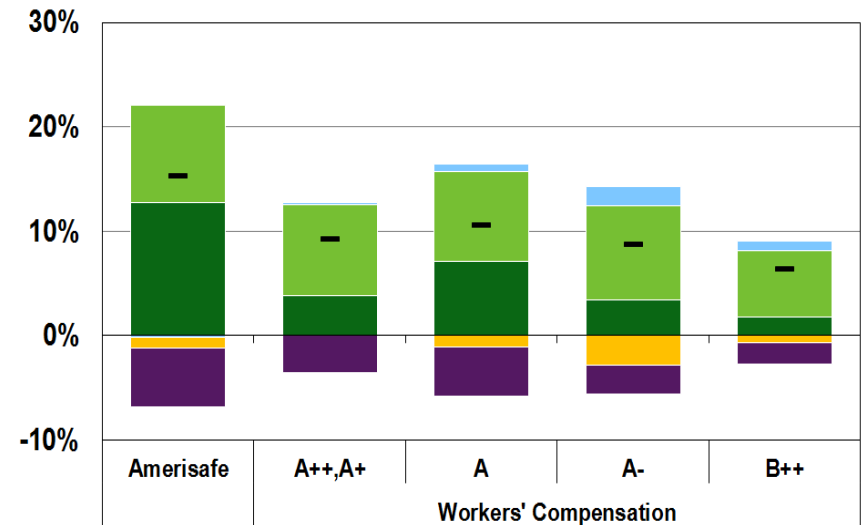


Contributions to Returns

5 Year ROS Contribution



10 Year ROS Contribution



■ UW Contribution
■ Inv. Income Contribution
■ Capital Gains Contribution
■ Other Income & Expense Contribution
■ Tax Impact
— Return on Beginning Surplus

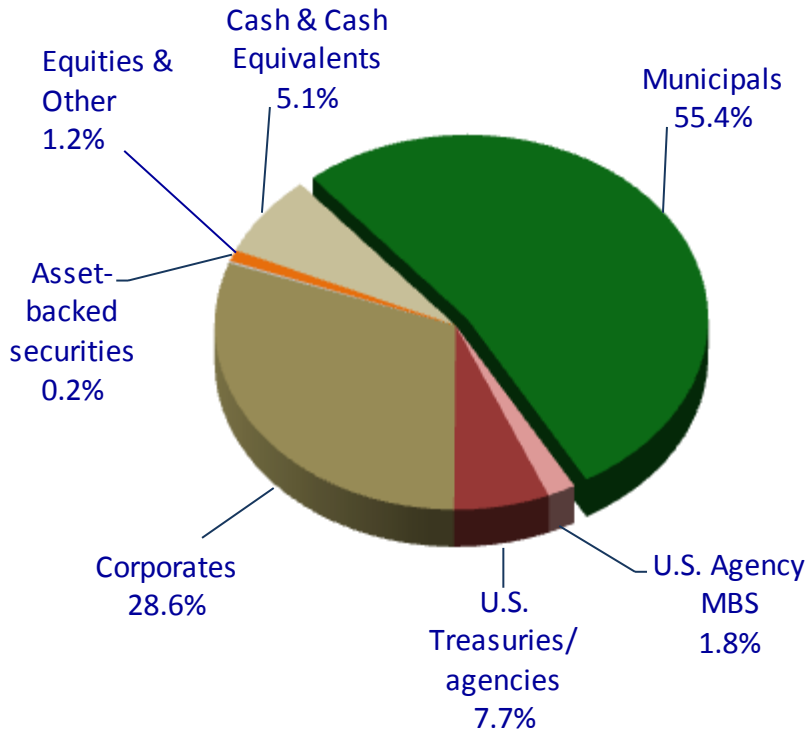
■ UW Contribution
■ Inv. Income Contribution
■ Capital Gains Contribution
■ Other Income & Expense Contribution
■ Tax Impact
— Return on Beginning Surplus

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



Investment Portfolio

Portfolio Allocation
(as of 12/31/2016)



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

(as of 12/31/2016)

Investment	Book Value (\$millions)	Fair Value (\$millions)	Unrealized Gain (Loss)
Municipals	\$394.9	\$399.5	\$4.6
Corporate Bonds	\$143.8	\$144.0	\$0.2
Commercial MBS	\$0.1	\$0.1	\$0.0
U.S. Agency MBS	\$10.0	\$10.9	\$0.9
U.S. Treasuries	\$11.7	\$12.4	\$0.7
ABS	\$1.9	\$2.0	\$0.1
Total	\$562.4	\$568.9	\$6.5

- ◆ Carrying value of cash and investments was \$1.1 billion at December 31, 2016

- ◆ As of December 31, 2016, fixed-maturity securities have an average composite credit rating of “AA-”



Capital Management

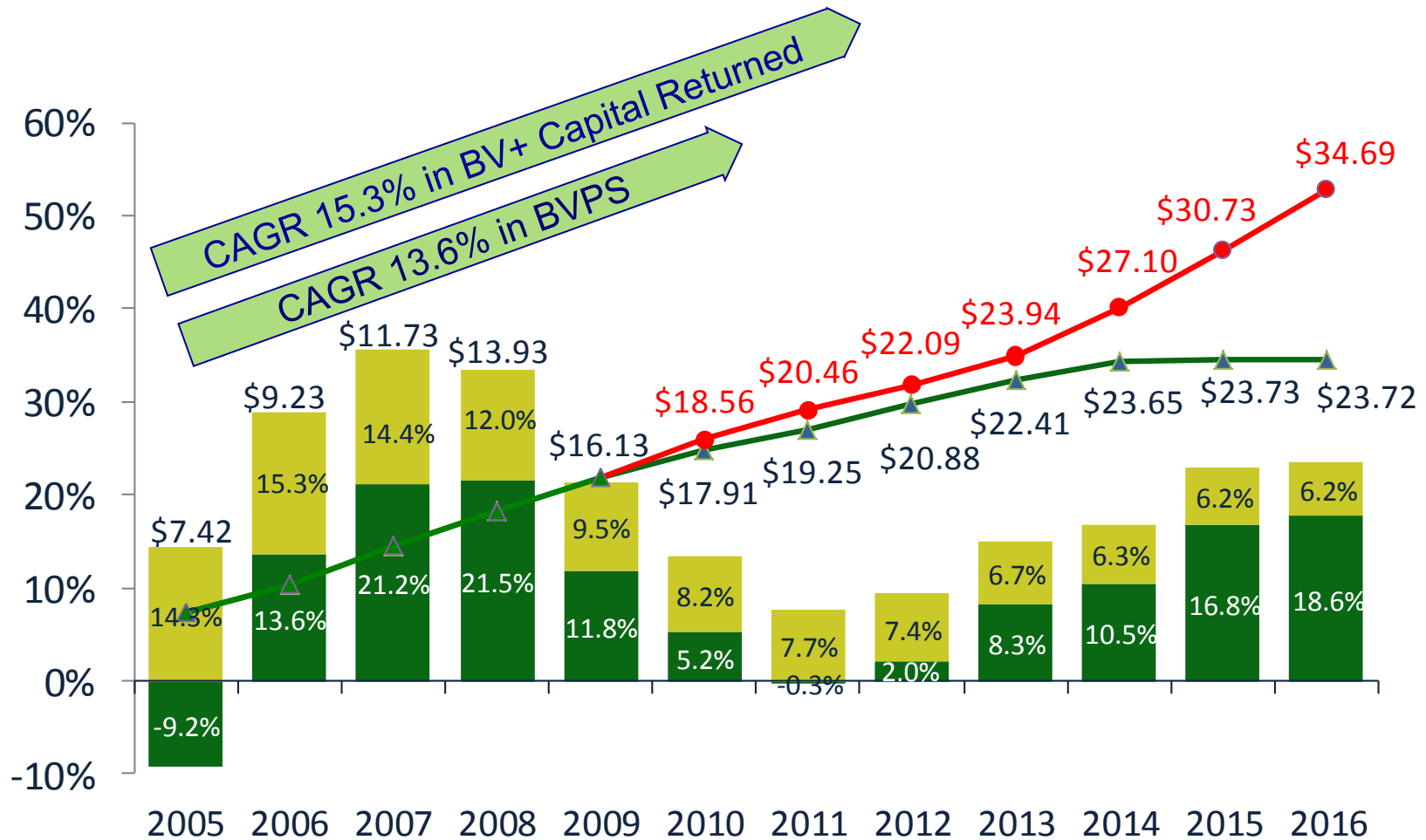
- Goal: Maintain and Balance
 - Hold prudent capital levels to maintain A.M. Best financial strength rating of “A”, yet achieve attractive returns for shareholders

- History of Proactive Capital Management
 - \$62.0M of preferred and debt retirement
 - \$22.4M of share repurchases
 - \$184.9M of dividends paid/declared
 - Extraordinary Dividends \$28.2M in 2014; \$57.4M in 2015;
 - and \$62.5M in 2016

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



Historical Financial Performance



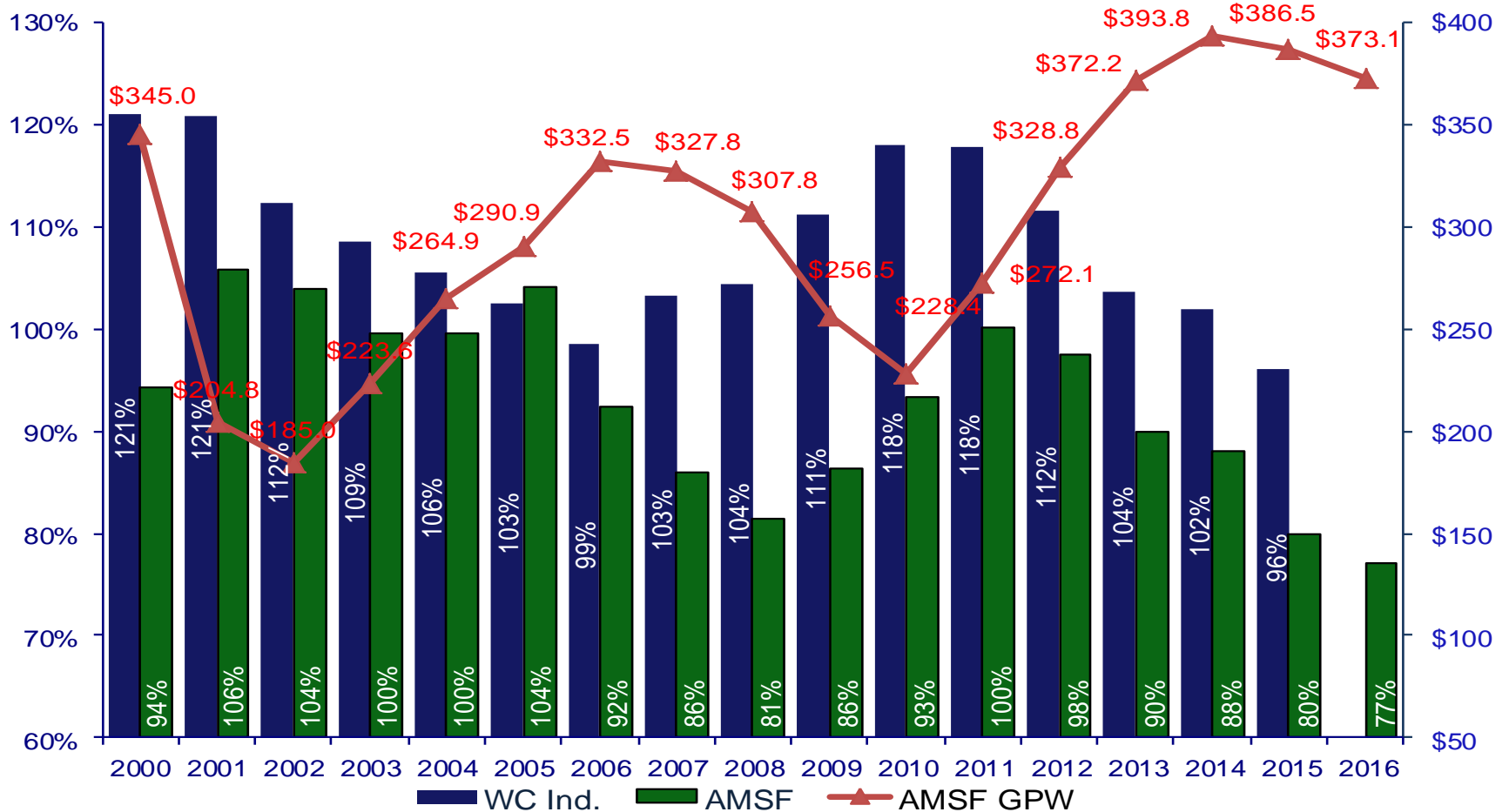
■ Pre-tax UW ROE
 ■ Pre-tax Investing ROE
 ▲ BVPS
 ● BV+ Capital Returned



Current Workers' Compensation Market Conditions



WC Industry Combined Ratio



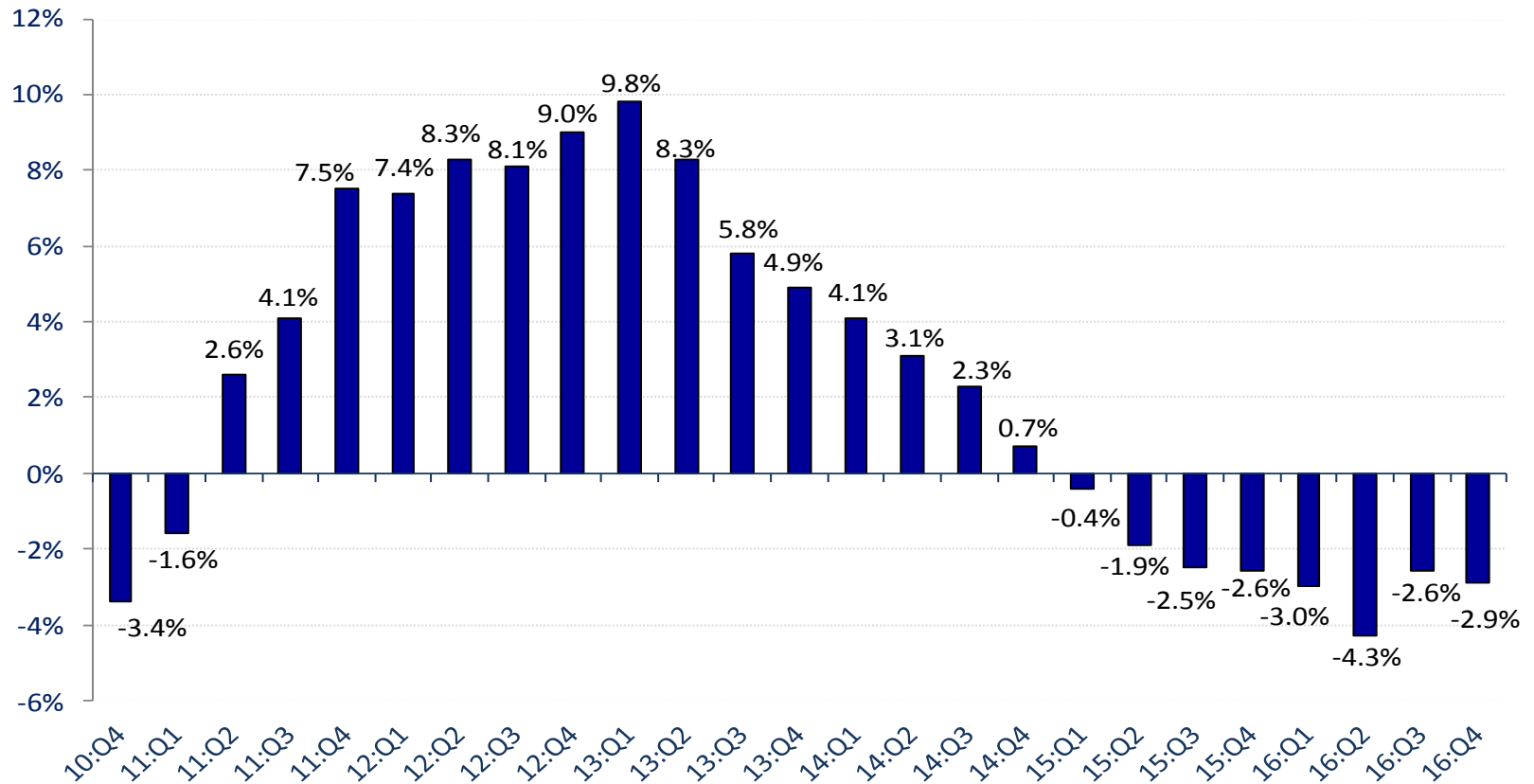
- ❖ AMSF Average Outperformance 14.8 pts., Since 2000
- ❖ AMSF Average Outperformance 17.3 pts., Since 2006

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



Workers Comp Rate Changes, 2010:Q4 – 2016:Q4

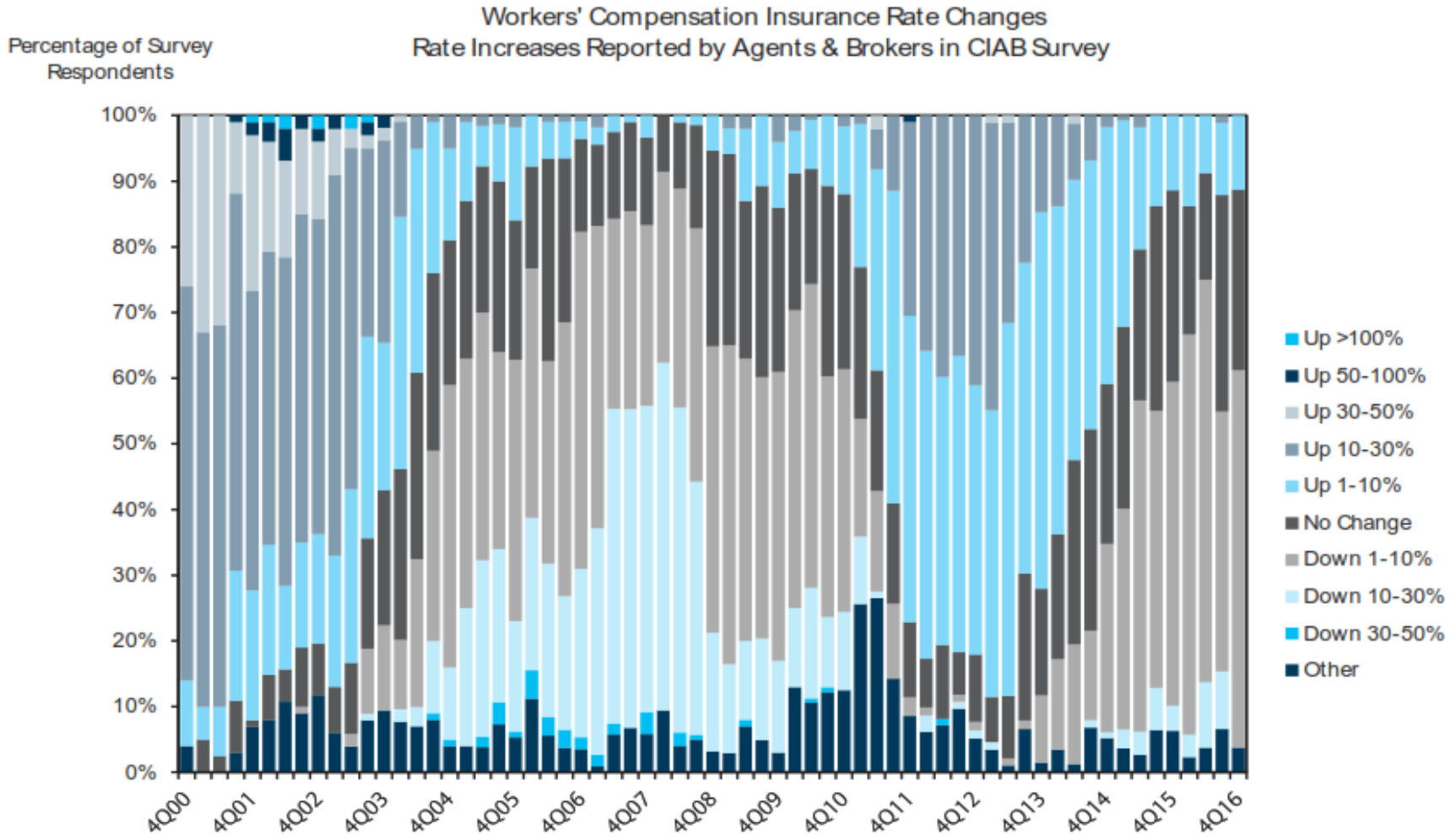
(Percent Change)



Source: The Council of Insurance Agents and Brokers.



WC Insurance Rate Changes

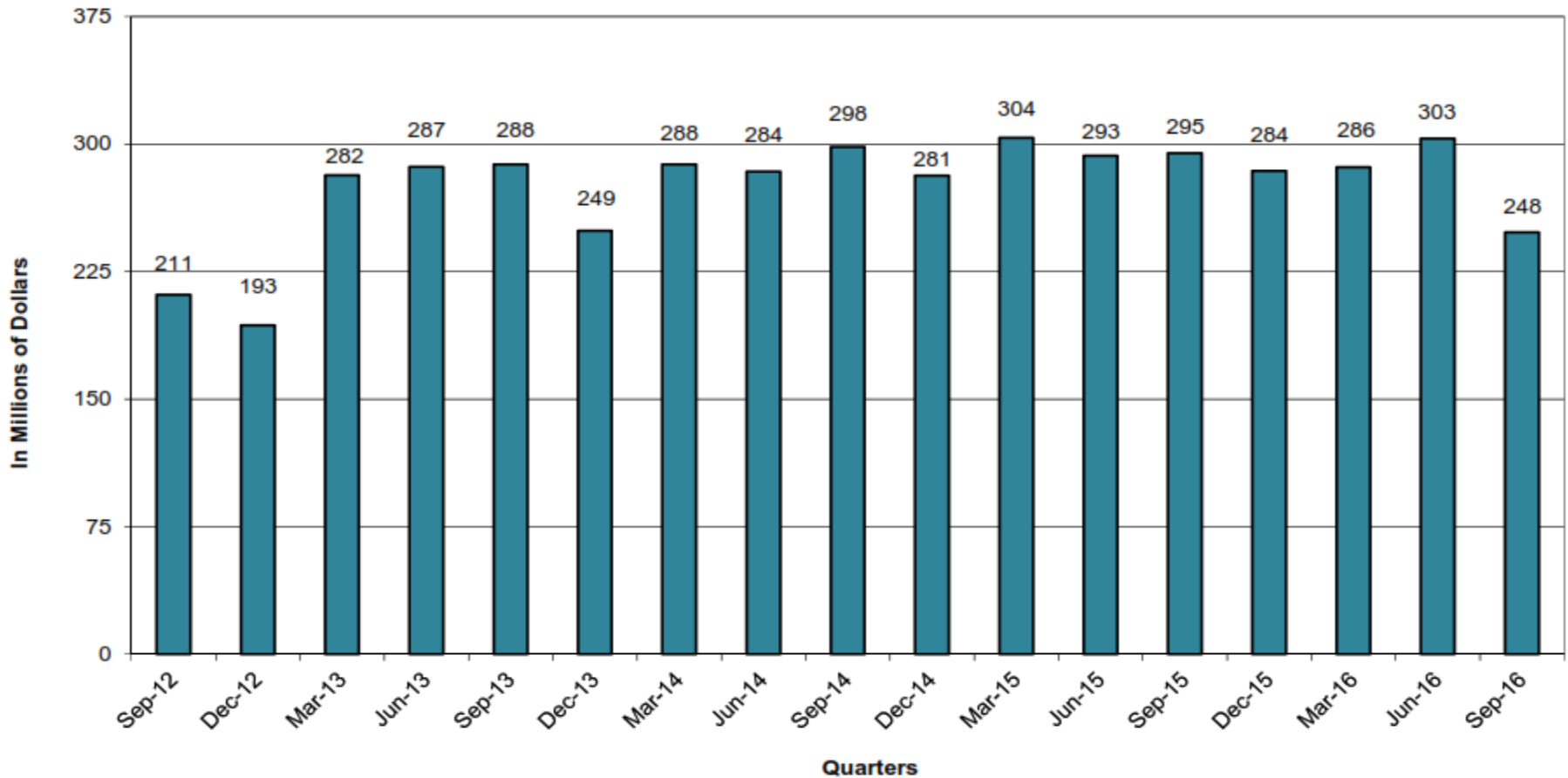


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



Residual Market Activity

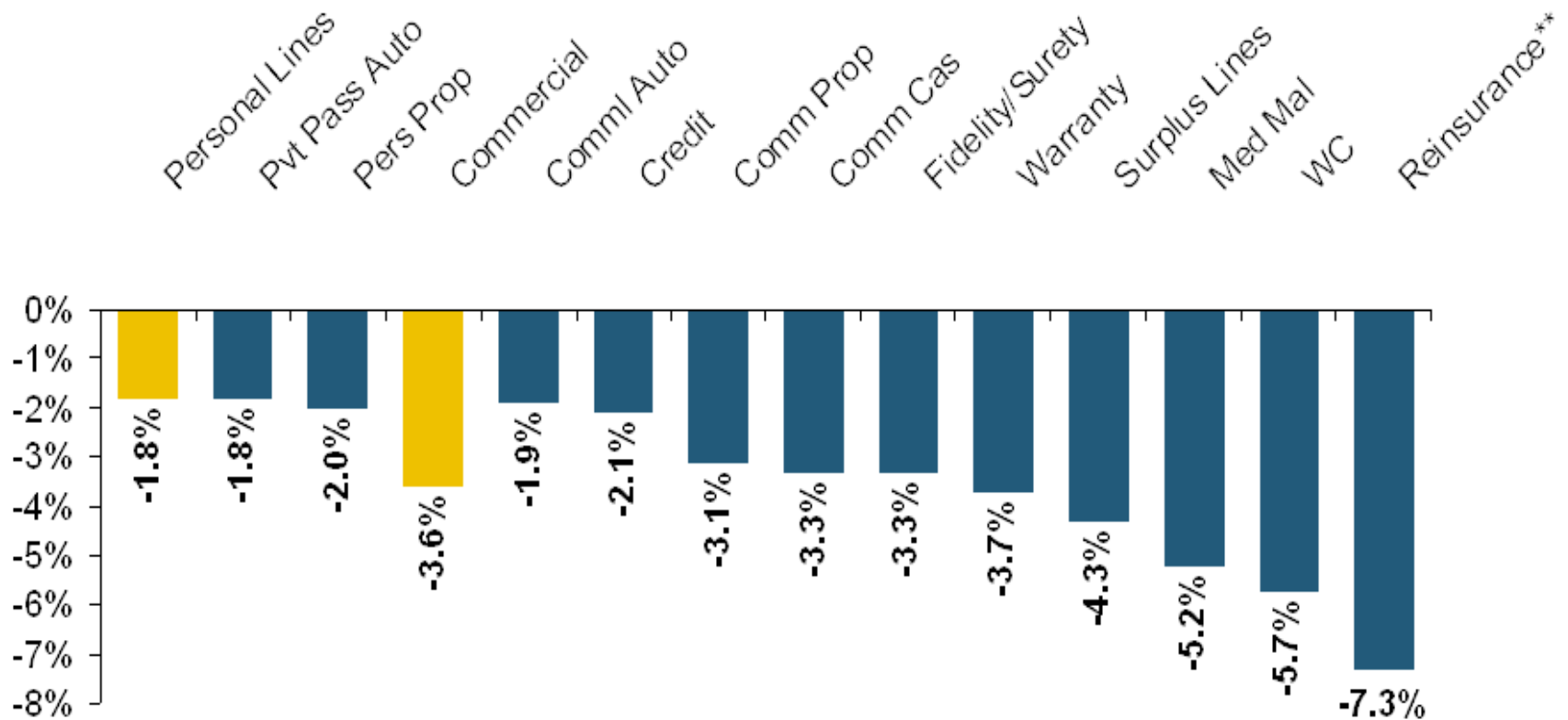
ALL POOLS-NET WRITTEN PREMIUM* ALL POLICY YEARS COMBINED



*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	\$64.55
52 week range	\$50.02 - \$69.40
Shares Outstanding	19.2 M
Market Cap	\$1.27 B
Book Value per Share	23.72
Price-to-Book	2.72

Market data as of March 14, 2017; Financial data as of December 31, 2016



Selected Balance Sheet Data

(in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Investments, Cash and cash equivalents	\$1,143,410	\$1,114,633	\$1,107,289
Amounts recoverable from reinsurers	83,666	91,077	85,888
Premiums receivable, net	183,005	185,364	178,917
Deferred income taxes	33,811	29,905	31,231
Deferred policy acquisition costs	19,300	20,412	19,649
Other Assets	55,664	60,654	34,246
Total Assets	1,518,856	1,502,045	1,457,220
Reserves for loss and loss adjustment expenses	742,776	718,033	687,602
Unearned premiums	162,028	167,983	168,576
Insurance-related assessments	31,742	32,329	29,315
Other Liabilities	126,160	129,719	124,579
Shareholders' equity	456,150	453,981	446,968
<u>Metrics</u>			
Book Value Per Share	\$23.72	\$23.73	\$23.65



Income Statement

(in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:			
Gross premiums written	\$373,055	\$386,529	\$393,819
Ceded premiums written	(10,307)	(11,228)	(13,793)
Net premiums written	<u>\$362,748</u>	<u>\$375,301</u>	<u>\$380,026</u>
Net premiums earned	\$368,704	\$375,894	\$375,747
Net investment income	28,106	27,902	27,214
Net realized gains (losses) on investments	(494)	(2,494)	697
Fee and other income	346	(348)	361
Total revenues	<u>396,662</u>	<u>400,954</u>	<u>404,019</u>
Expenses:			
Loss and loss adjustment expenses incurred	199,031	214,573	244,916
Underwriting and other operating costs	80,594	84,113	84,963
Policyholder dividends	4,216	1,301	391
Total expenses	<u>283,841</u>	<u>299,987</u>	<u>330,270</u>
Income before taxes	112,821	100,967	73,749
Income tax expense	34,956	30,505	20,083
Net income	<u>\$77,865</u>	<u>\$70,462</u>	<u>\$53,666</u>

