



Specialty Property and Casualty Insurance

*Morgan Stanley
Virtual Insurance Corporate Access Day: Life and P&C
November 22, 2021*

Forward Looking Statements

Certain statements made during this presentation, as well as included in this document, are not historical facts and may be considered “forward-looking statements” and are based on estimates, assumptions and projections which management believes are reasonable but by their nature subject to risks and uncertainties. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements.

The reasons which could cause actual results and/or financial condition to differ materially from those suggested by such forward-looking statements include but are not limited to those discussed or identified from time-to-time in AFG’s filings with the Securities and Exchange Commission, including the annual report on Form 10-K and the quarterly reports on Form 10-Q. We do not promise to update such forward-looking statements to reflect actual results or changes in assumptions or other factors that could affect these statements.

Core net operating earnings is a non-GAAP financial measure which sets aside items that are generally not considered to be part of ongoing operations, such as net realized gains and losses, discontinued operations, as well as other significant items that are not able to be estimated with reasonable precision, or that may not be indicative of ongoing operations. AFG believes that this non-GAAP measure is a useful tool for investors and analysts in analyzing ongoing operating trends of AFG.

A History Dating Back Nearly 150 Years

We are specialists in providing P&C insurance products that help businesses manage their unique financial risks and exposures.

Approximately **50%** of Specialty P&C Group gross written premium is produced by businesses with “top 10” market rankings

**Superior Underwriting
Talent**

7.6%

*Points of COR
outperformance vs.
peers over 10 years*

**Combined
Ratio**

8 years

*Consecutive years
under 94%*

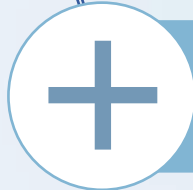


Overall Specialty P&C combined ratio of 88.4% for the first nine months of 2021

Top Tier Specialty Property & Casualty Insurer



Entrepreneurial Culture, Strategic Alignment of Interests



Market Leading P&C Insurance Specialist



Consistent Investment Outperformance



Superior Capital Management and Strong Balance Sheet

Our Corporate Values

Our Foundation

Specialization
Entrepreneurial Spirit
Accountability

Our Priorities

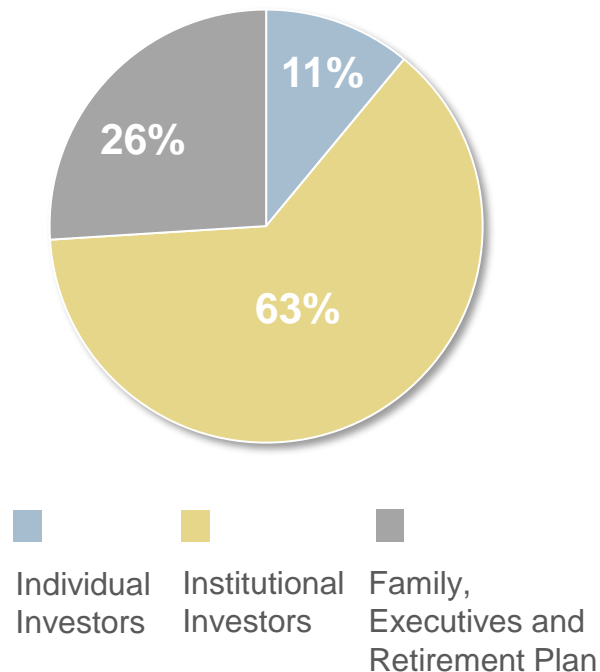
Customer Focus
Clear & Open
Communication
Work / Family Balance

Our Expectations

Integrity
Self-Discipline
Respect for Others

Strategic Alignment of Interests for Optimal Results

Significant Ownership by Management



Unique, Incentive-Based Programs for P&C Business Leaders

- Annual awards
 - based on AY COR targets derived from ROE thresholds
 - paid over 2-3 years; claw back feature
- Long Term Incentive Comp (LTIC) Plan
 - 5 year measurement period based on AY COR targets derived from ROE thresholds
 - paid out over the following 4-5 years
- Attract, retain and reward key operating executives & officers

Profit-Sharing for Employees

- Our Profit Sharing Plan is a key component of AFG's Total Rewards Program, rewarding eligible employees for their contributions toward overall performance

Innovator in Risk Sharing and Alternative Risk Transfer Programs For Policyholders and Agents

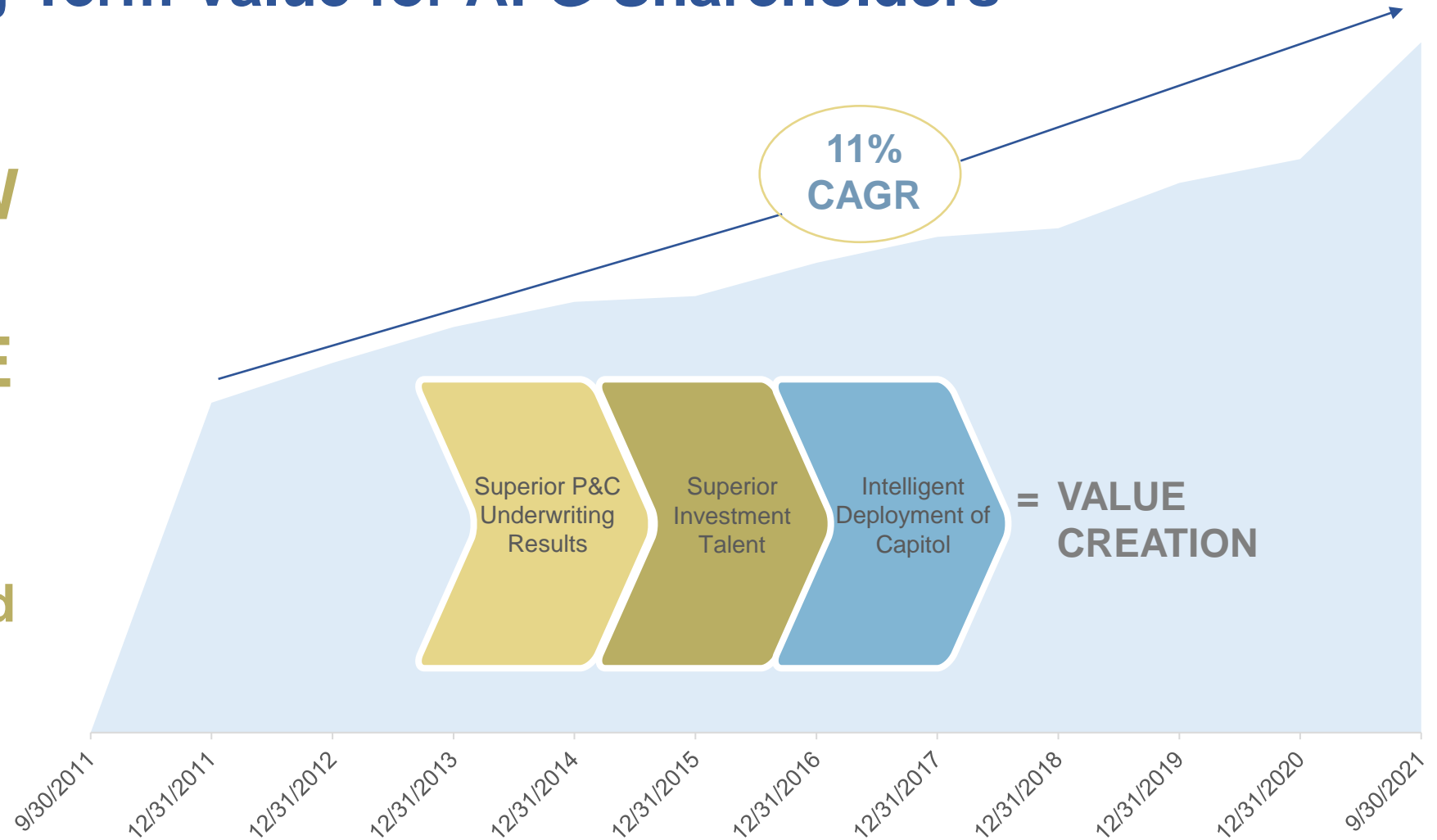


- A leader in providing risk sharing alternatives to the passenger transportation, moving & storage and trucking specialty transportation industries
- Through collaboration and specialized knowledge, we work with a variety of agency and group risk sharing programs in a wide range of industry segments in our Targeted Markets operations
- Our Strategic Comp business offers unique coverage options for workers' comp accounts that include higher retentions and specialty loss prevention – giving businesses more control over their costs, risks, and outcomes
- Innovative commission structures for distribution partners reward production of profitable business

Building Long-Term Value for AFG Shareholders

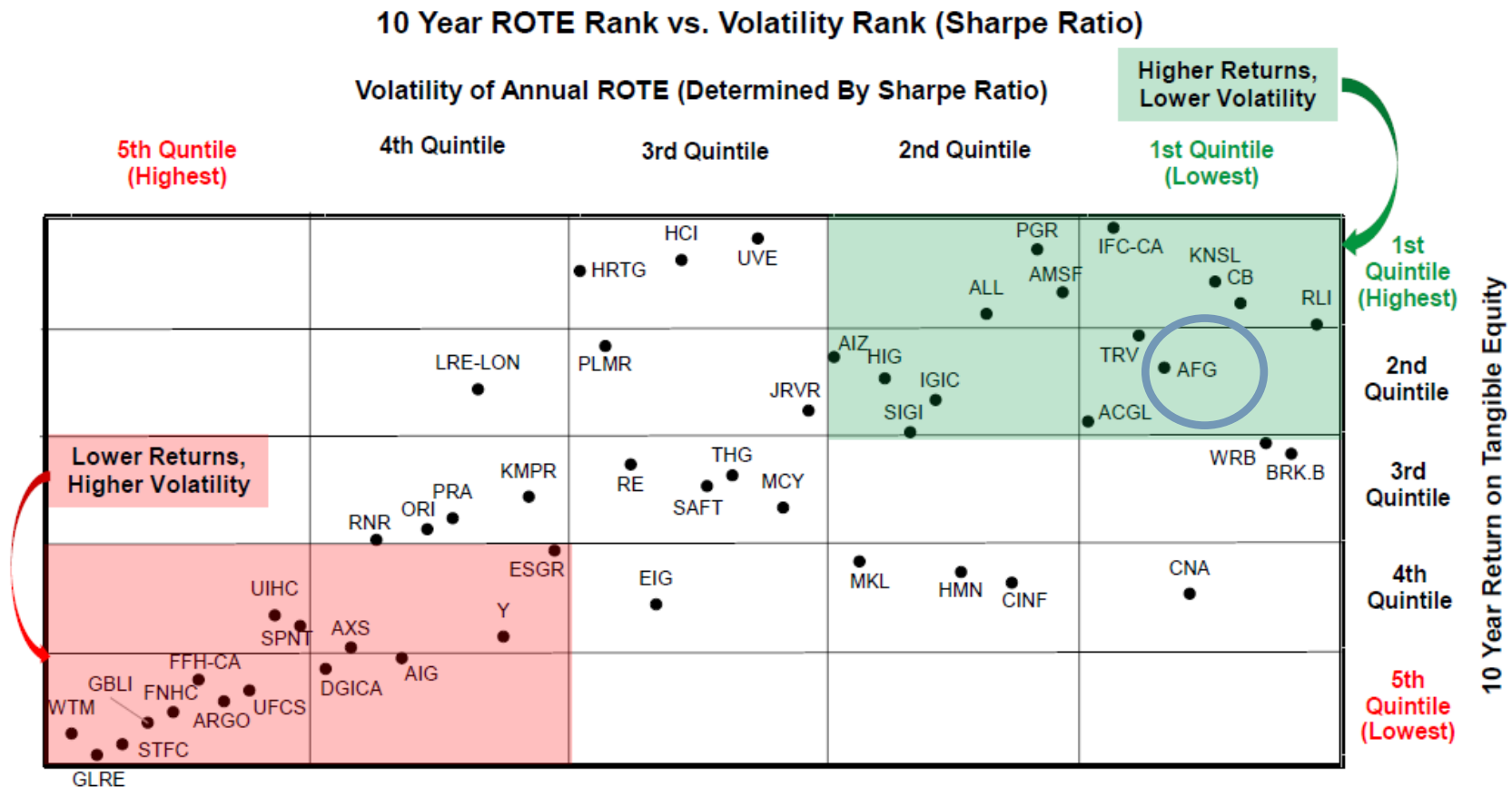
10 YEAR VIEW OF TOTAL VALUE CREATION

Growth in Adjusted
BVPS + Dividends



Higher Returns and Lower Volatility

AFG ranks favorably among peers with higher returns and lower volatility



Source: Company Reports; D&P Analysis; Cos with <10Y of data include: AIG, HRTG, JRVR, KNSL, PLMR, SPNT

Dowling & Partners – IBNR #15, April 15, 2021. ROTE = Return on Average Tangible Equity

Focusing on What We Know Best



Specialty P&C Insurance Operations

We are specialists in providing property and casualty insurance solutions that fulfill today's needs and tomorrow's dreams. We are a trusted partner in delivering long-term value to our customers, employees and investors.

PROPERTY & TRANSPORTATION

Agribusiness (farm & ranch)

Commercial Automobile

Commercial Property

Crop

Equine Mortality

Inland and Ocean Marine

SPECIALTY CASUALTY

Excess and Surplus

Executive and Professional Liability

General Liability

M&A Liability

Public Entities

Targeted Programs

Umbrella and Excess Liability

Workers' Compensation

SPECIALTY FINANCIAL

Fidelity / Crime

Financial Institution Services

Lease and Loan Services

Surety

Trade Credit



Great American Insurance Company's Ratings



A+

Stable Outlook

S&P Global
Ratings

A+

Stable Outlook

MOODY'S

A1

Stable Outlook

Great American Insurance Company is **1** of only **4** companies rated “**A**” (Excellent) or better by A.M. Best for **110+ years**

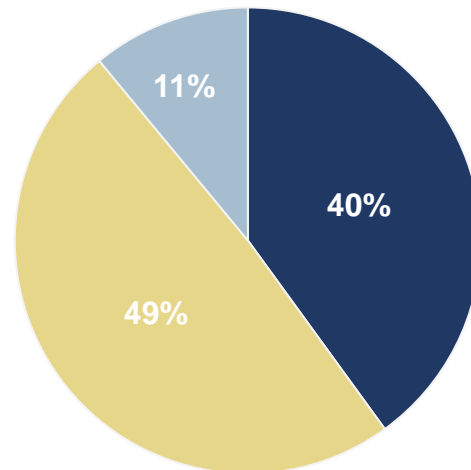


Diversified product offerings in niche markets
Consistent, solid underwriting results
Strong market positions
Strong capitalization
Low catastrophe risk profile

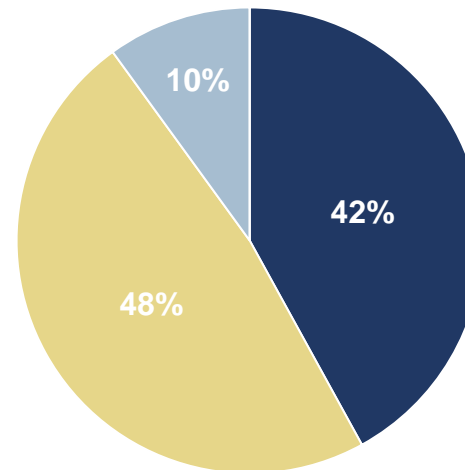
Specialty Property & Casualty Premium

Low correlation • Lower relative coastal exposure

**Gross Written Premiums
Full Year 2020
\$7.0 Billion**



**Gross Written Premiums
LTM Ended September 30, 2021
\$7.9 Billion**



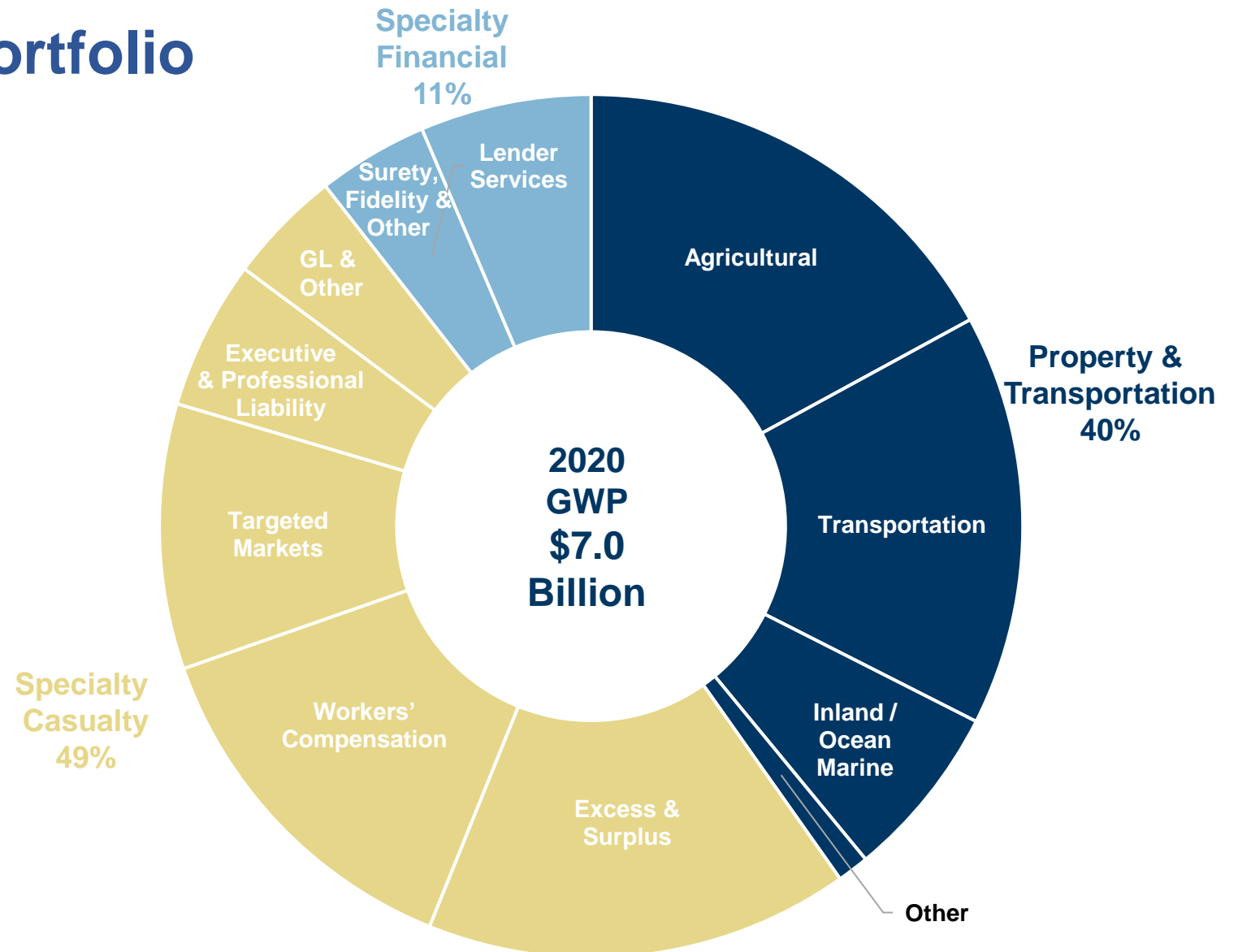
- Property & Transportation
- Specialty Casualty
- Specialty Financial

In 2020, approximately 50% of P&C Group GWP produced by businesses with “Top 10” market rankings including:
Crop • Equine • Fidelity/Crime • Financial Institution Services • FL Workers Comp • Moving & Storage •
Non-Profit/Social Services • Ocean Marine • Passenger Transportation • Trade Credit • Trucking

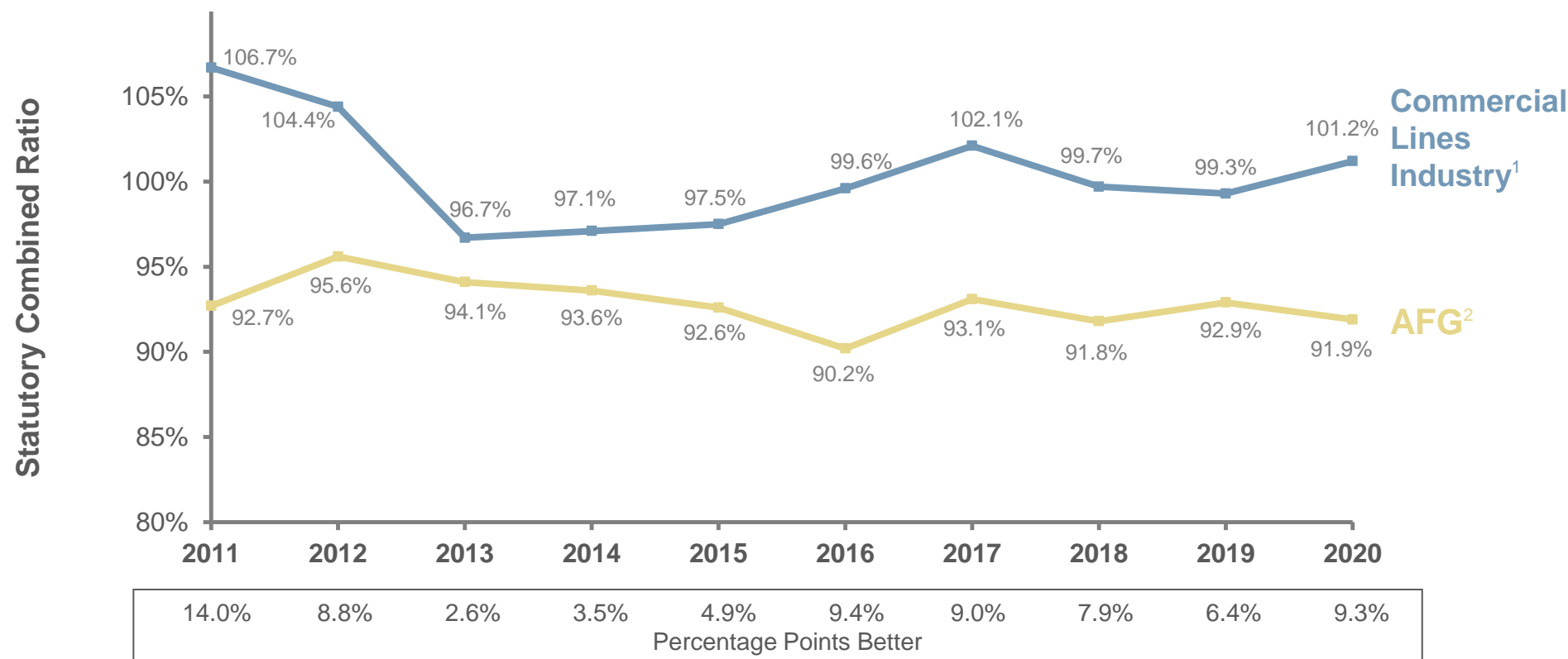
Diversified Product Portfolio

Gross Written Premiums

Our Property & Casualty insurance operations provide a wide variety of specialty commercial coverages to niche industries



Superior Underwriting Talent

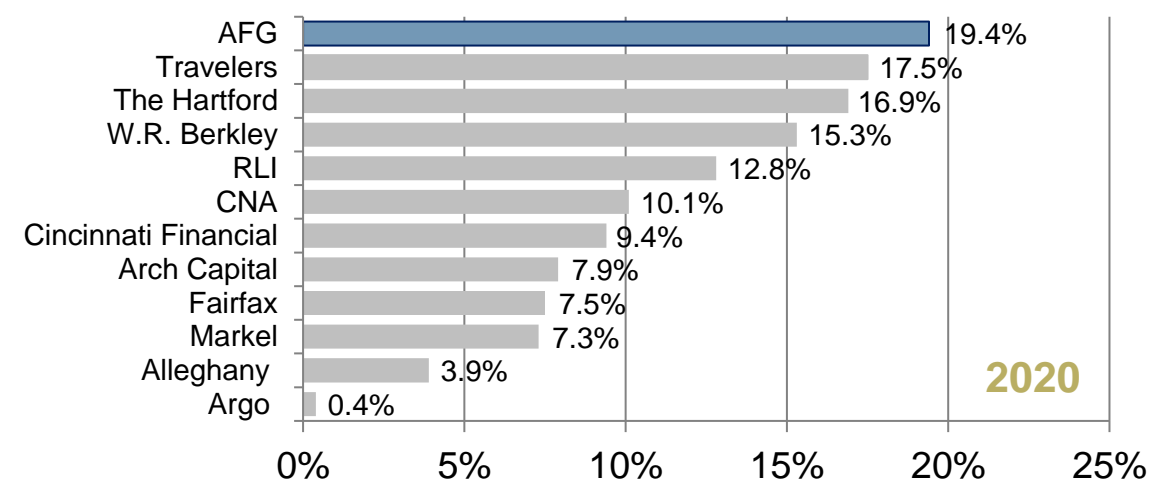
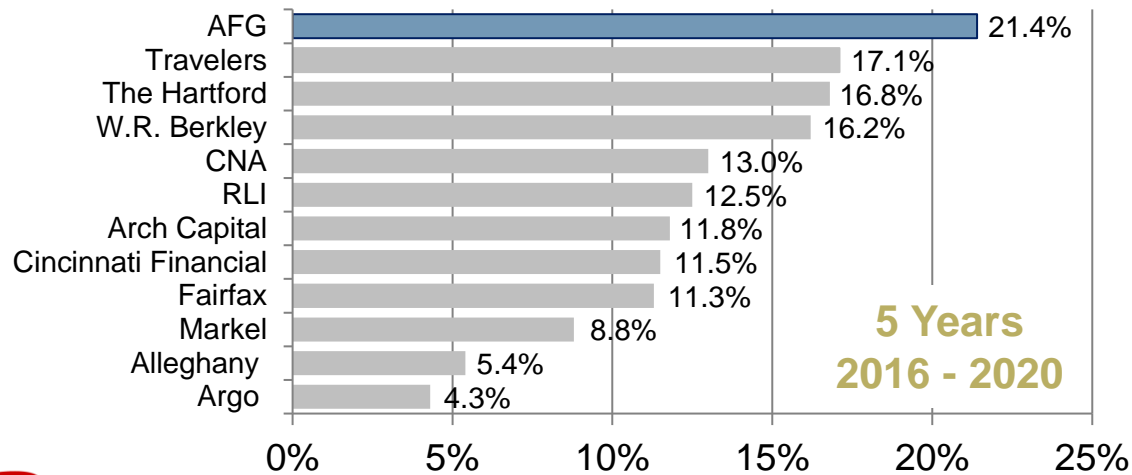
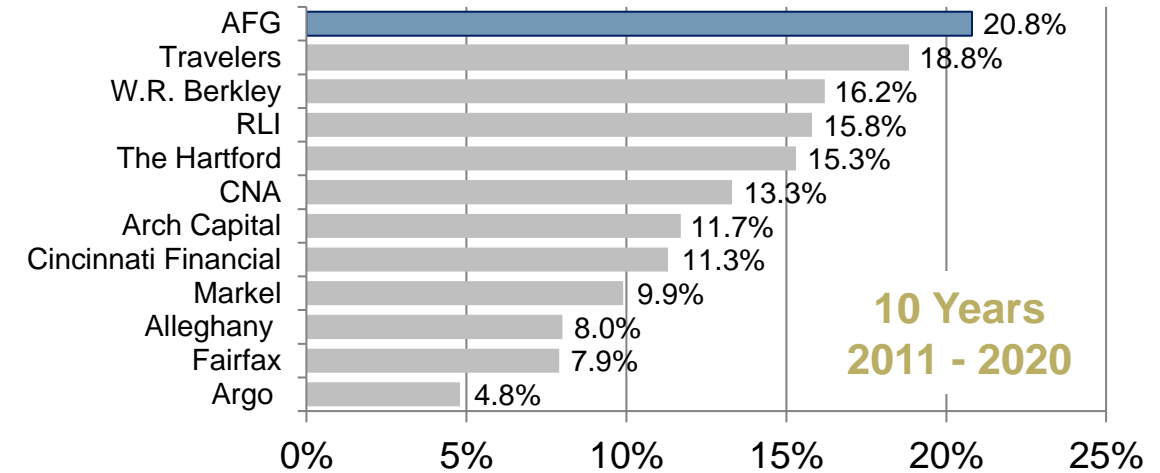
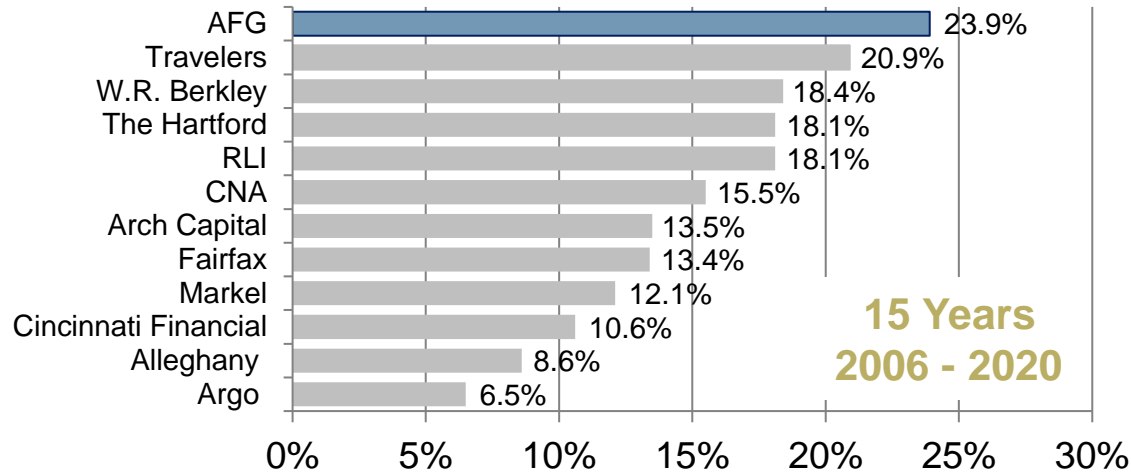


On a GAAP basis, overall Specialty P&C combined ratio of 88.4% for the first nine months of 2021.

¹ Commercial Lines Industry based on data from A.M. Best's Market Segment Report – February 25, 2021.

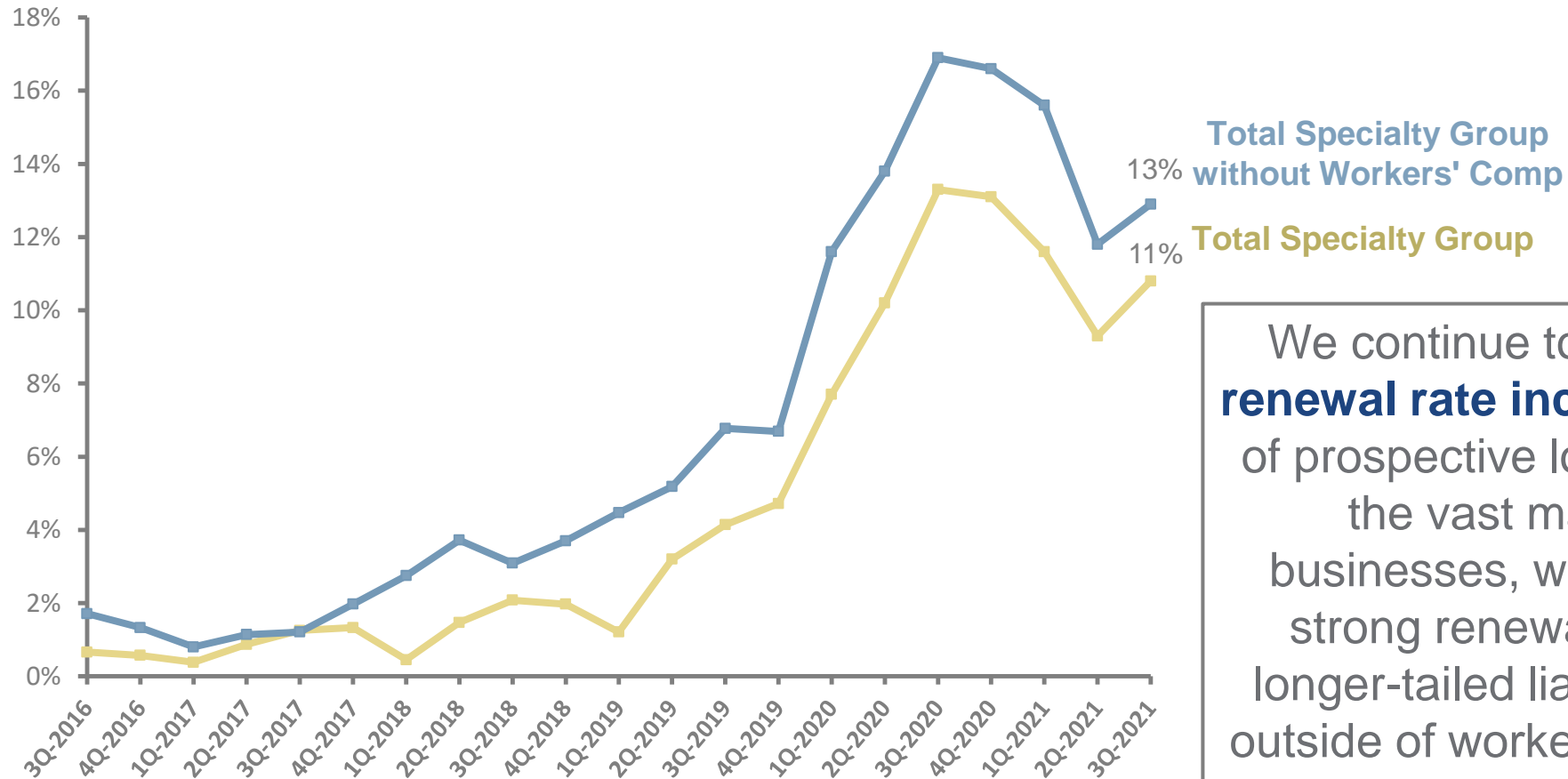
² American Financial Group Form 10K filings.

Pretax Property & Casualty Returns



Source: Dowling & Partners

Specialty P&C Pricing Trends

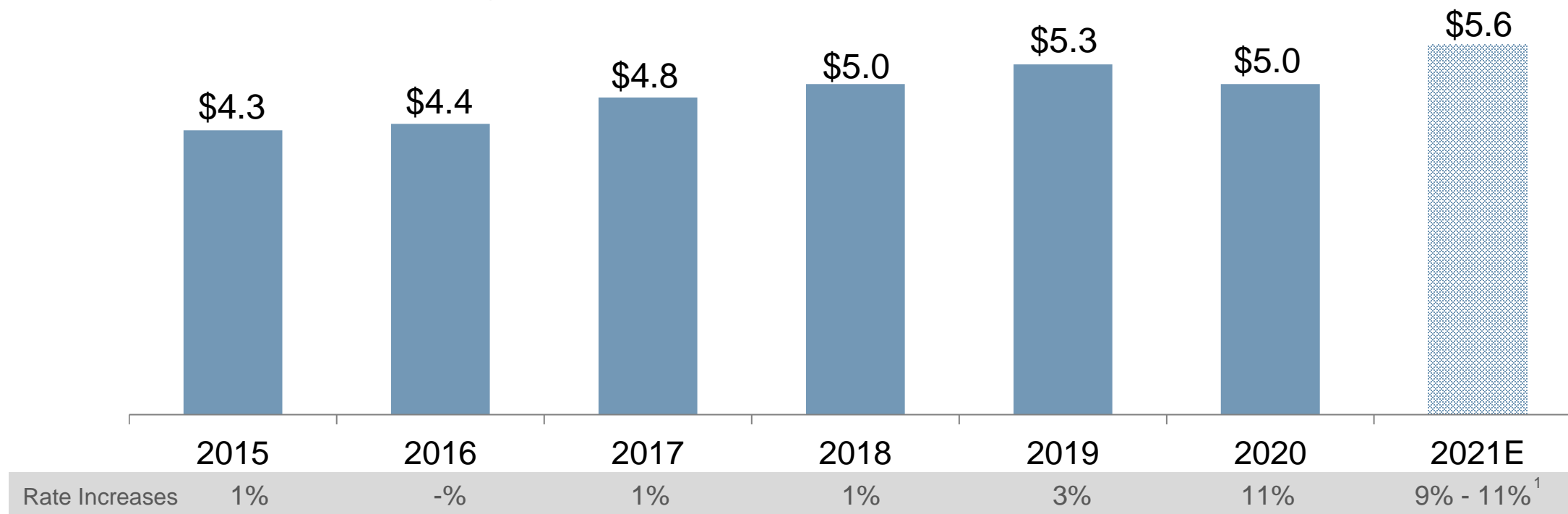


We continue to achieve **strong renewal rate increases in excess** of prospective loss ratio trends in the vast majority of our businesses, with exceptionally strong renewal pricing in our longer-tailed liability businesses outside of workers' compensation.

Specialty Property & Casualty Premium Growth

Dollars in billions

P&C Net Written Premium and Renewal Rates

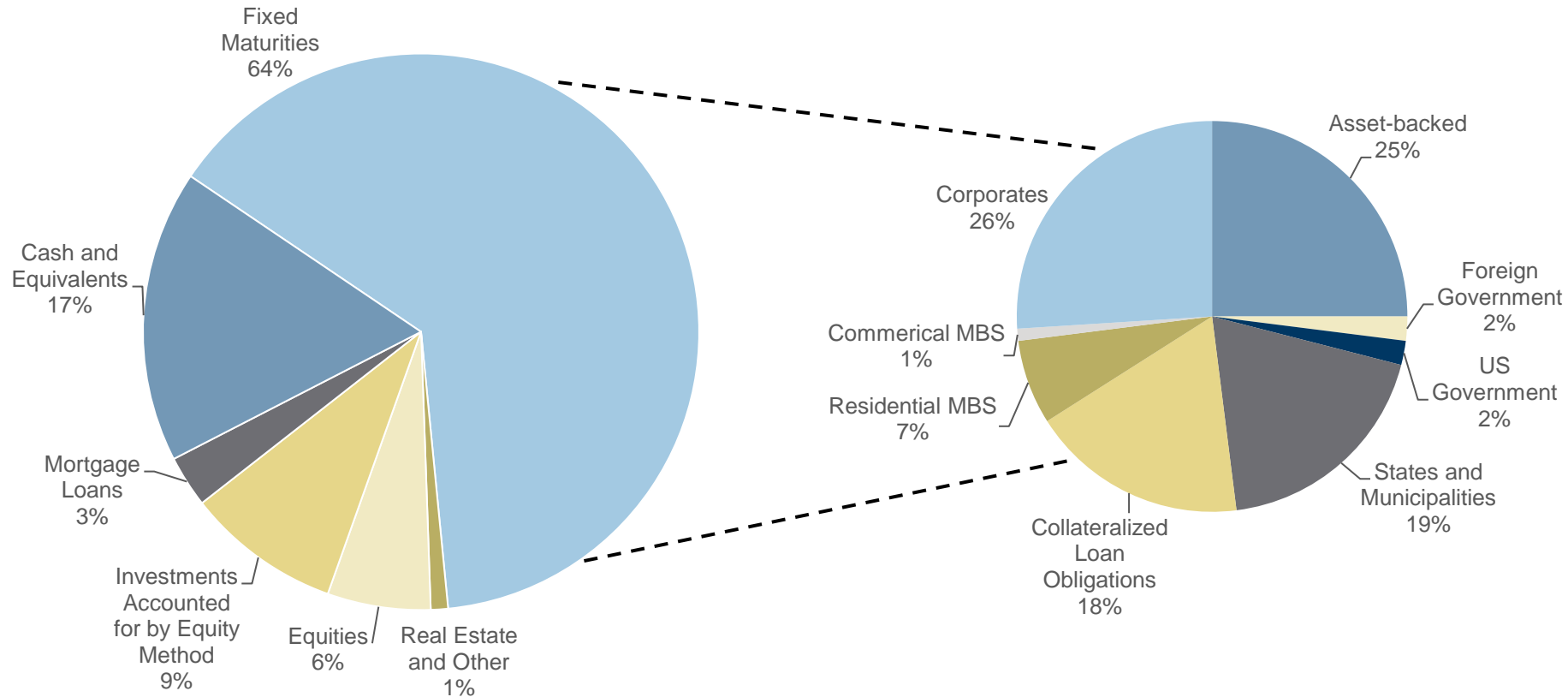


Overall Specialty P&C renewal rates increased approximately 11% in 3Q21. Excluding workers' compensation, renewal rates increased approximately 13%.

AFG Investment Portfolio

As of September 30, 2021

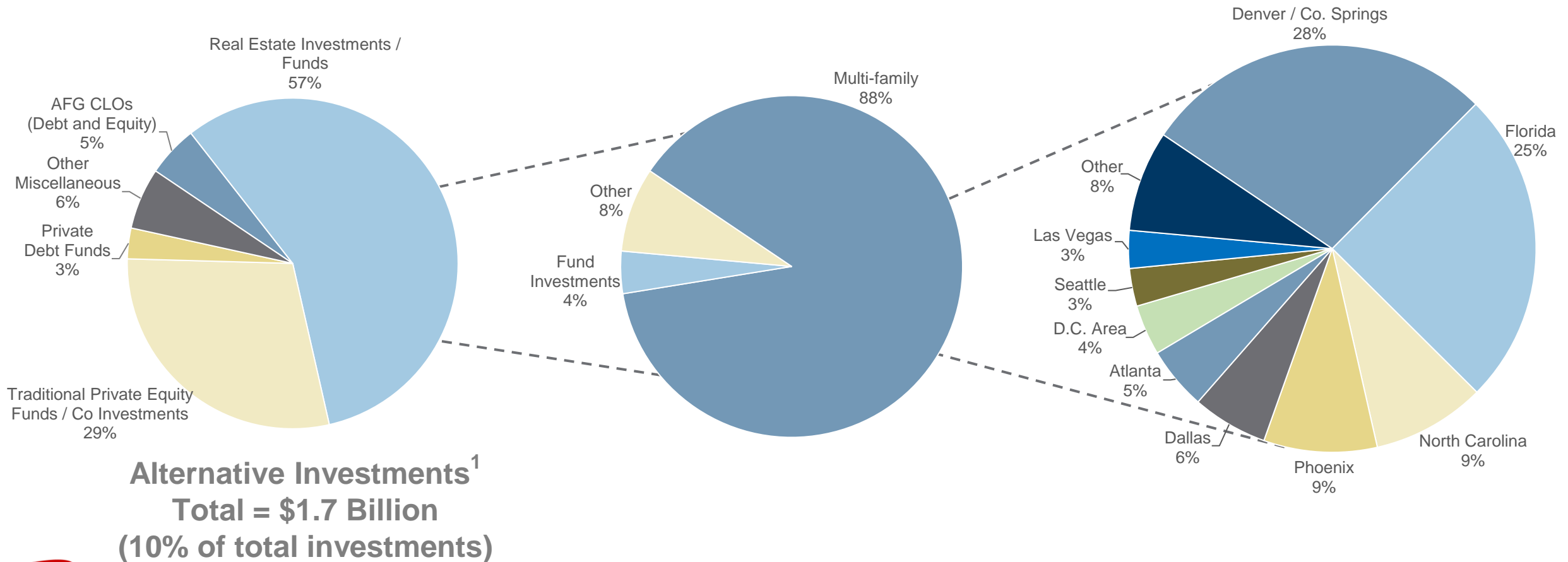
Fixed Maturities Portfolio – 88% investment grade
P&C Fixed Maturities Portfolio – 97% NAIC 1 & 2



Carrying Value – \$16.4 Billion

AFG Investment Portfolio – Alternative Investments

As of September 30, 2021



¹ Alternative investments consist of investments accounted for using the equity method, equity securities MTM through investment income and AFG managed CLOs.

Investment Portfolio Information and Positioning

	AFG Consolidated
Approximate Average Duration – Fixed Maturities as of September 30, 2021	2.0 years
Annualized yield on available for sale fixed maturities	
Quarter ended 9/30/2021:	2.84%
• Net of investment expenses ¹	
• Tax equivalent, net of investment expenses ²	2.98%

¹ Annualized yield is calculated by dividing investment income for the quarter by the average cost over the quarter. Average cost is the average of the beginning and ending quarter asset balances.

² Adjusts the yield on tax-exempt bonds to the fully taxable equivalent yield.

Positioned to benefit in a rising rate environment:

1. Insurance company's fixed maturities duration of approximately 2 years is the lowest in recent history
2. Cash and floating rate securities account for nearly 30% of insurance company's investment portfolio
3. Parent company cash and short duration fixed maturities of approximately \$2.7 billion at 9/30/21
 - since the end of September, we have deployed approximately \$725 million of this cash through two separate special dividends of \$4.00 per share, plus our regular quarterly cash dividend of \$0.56 per share

Strong Financial Position & Excess Capital

Dollars in millions, except per share data

	<u>Sept 30, 2021</u>
Parent Co. Cash and Investments	\$ 2,704
Excess Capital	2,958
Capital Returned to Shareholders (YTD)	2,144
Excess Capital available in Q4 2021 for share repurchases or additional special dividends ¹	180
<hr/>	
Ratio of debt to total adjusted capital ²	28.2%
Common shares outstanding	84.795
<u>Book value per share:</u>	
Book value per share	\$ 61.80
Adjusted ¹	\$ 59.70

- We could significantly increase the portion of our excess capital available for distribution to shareholders by redeeming a portion of our approximately \$2 billion in outstanding long-term debt.
- For example, if we were to call our \$425 million outstanding face amount of 3.50% Senior Notes due August 2026 at the make-whole price of approximately 109% of face, the excess capital available for return to shareholders in Q4 would increase from \$180 million to just over \$1.1 billion.

¹ Portion of excess capital available for distribution in the Q4 2021 without reducing long-term debt or exceeding our most restrictive debt to capital guideline in addition to the \$4 per share special dividend paid in November.

² The ratio is calculated by dividing the principal amount of AFG's long-term debt by its total capital, which includes long-term debt and shareholders' equity (excluding unrealized gains related to fixed maturity investments).

Intelligent Use of Excess Capital

2020 Capital Management

- Returned \$649 million of capital to shareholders
- 11% increase in regular annual dividend
- Paid \$2.00 special dividend in December 2020
- Repurchased \$313 million of AFG common shares at an average price per share of \$69.02

2021 Capital Management

- Four special dividends in 2021
 - \$14.00 per share special dividend paid in June 2021
 - \$2.00 per share special dividend paid in August 2021
 - \$4.00 per share special dividend paid in October 2021
 - \$4.00 per share special dividend paid in November 2021
- Excess capital at September 30, 2021 approximately \$3.0 billion
- YTD through September 30, 2021 repurchased \$318 million of AFG common shares
- In August, announced a 12% increase in regular annual dividend to \$2.24 per share, beginning in 4Q 2021
 - 16th consecutive annual dividend increase
- 7.7 million shares remaining in repurchase authorization as of November 1, 2021

Capital Returned to Shareholders Five Years Ended 9/30/2021 (in millions)

Dividends Paid	\$ 3,201
Repurchases	<u>646</u>
Total	<u><u>\$ 3,847</u></u>

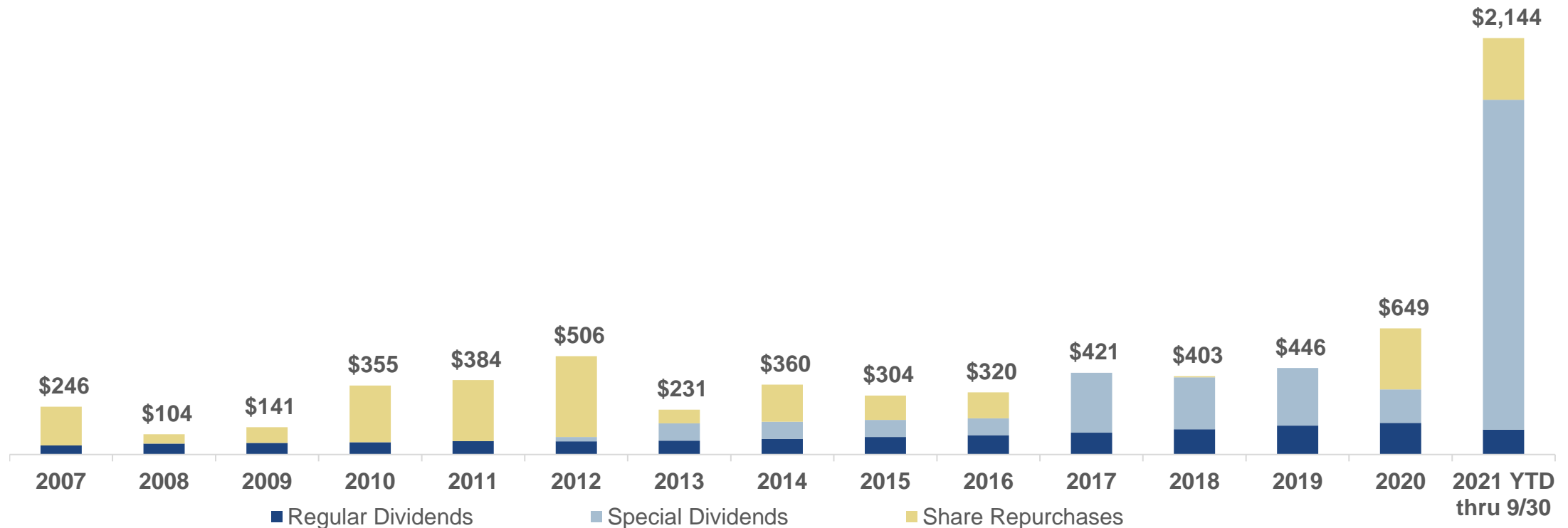


\$3.8 Billion Returned to Shareholders

In addition, AFG paid a \$4.00 per share special dividend in October 2021 and a \$4.00 per share special dividend in November 2021, aggregating approximately \$680 million.

Balanced Approach to Capital Allocation

Dollars in millions

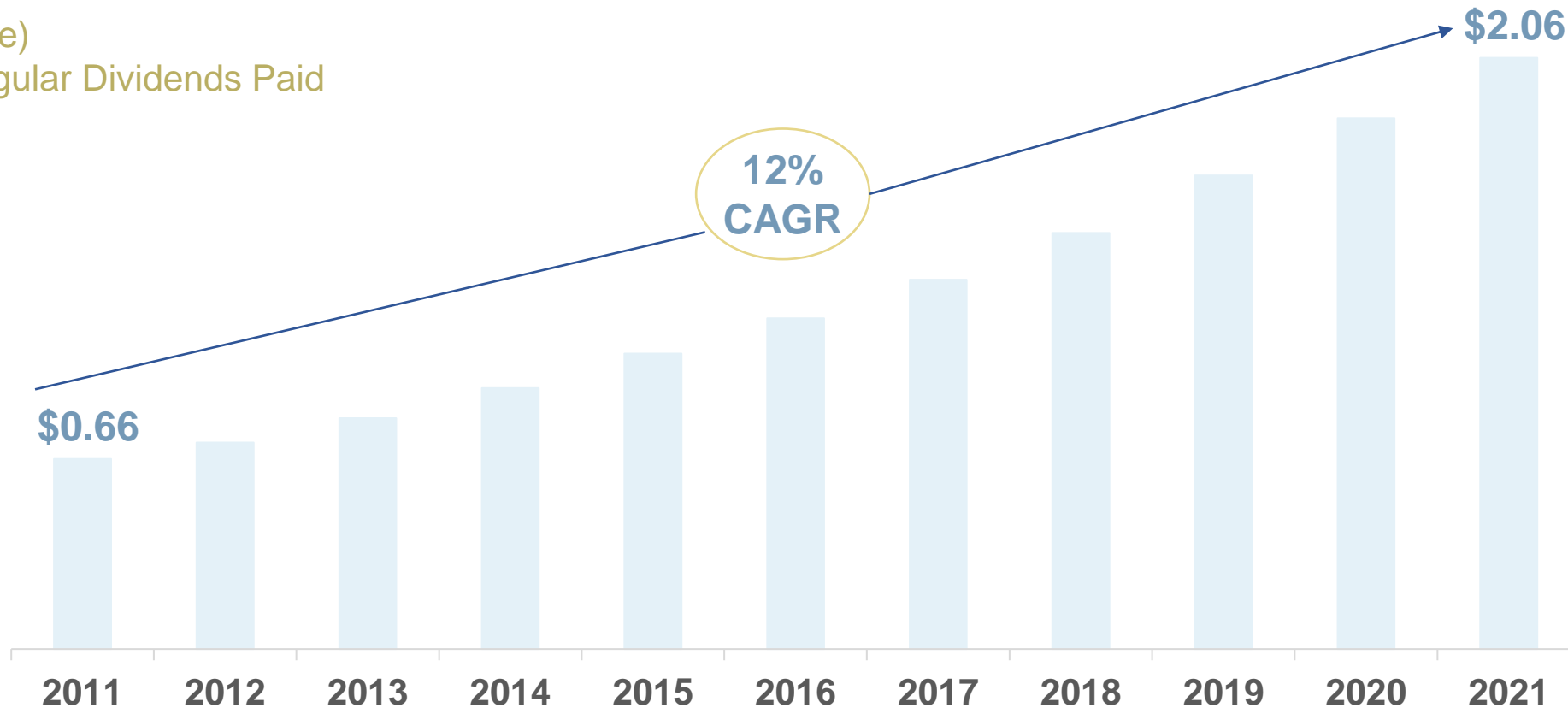


Between years 2009 – 2012, AFG repurchased **33.7 million** shares at a weighted average price of **approximately 90.5% of adjusted book value** (*book value per share excluding appropriated retained earnings and net unrealized gains (losses) related to fixed maturities*).

Double-Digit Growth in Regular Dividends

(\$ per share)

Annual Regular Dividends Paid



*Including the \$24.00 in special dividends declared in 2021 through November 2nd,
AFG has declared \$40.05 per share in special dividends since 2012.*

Protecting What Matters

We sustain AFG's business success by effectively managing risk—financial, social, environmental—to help create stability for our customers and deliver value to our shareholders.

We focus our corporate responsibility and sustainability strategies in four primary areas where AFG can achieve the most direct and substantial results:

- Operating our business with integrity and managing financial risk
- Giving back to our communities and promoting social opportunity
- Creating a welcoming, rewarding and safe place to work and build a career *Be here. Be great.*
- Managing environmental risk and operating sustainably

for the *greater* good



2021 Outlook – AFG Specialty P&C Group Outlook

AFG's 2021 core net operating earnings guidance \$10.10 to \$10.70 per share¹

	<u>NWP Growth²</u>	<u>Combined Ratio</u>
Specialty P&C Group Overall	11% – 14%	86% – 88%
<u>Business Groups:</u>		
Property & Transportation	15% – 19%	86% – 88%
Specialty Casualty	8% – 12%	85% – 87%
<i>Specialty Casualty Excluding Workers' Comp</i>	15% – 19%	
Specialty Financial	10% – 14%	84% – 86%

P&C average renewal rates up 9% to 11% when compared to 2020

¹ Excludes earnings from our discontinued annuity operations that were sold to MassMutual, which were classified as discontinued operations effective January 1, 2021.

² Reflects an above-average crop year and an annualized return of approximately 10% on alternative investments in the fourth quarter of 2021.

Appendix

Financial Highlights – First Nine Months of 2021

Dollars in millions, except per share data

- Results of Operations:

- Core net operating earnings
- Core net operating earnings per share
- Average number of diluted shares

Nine Months Ended
September 30,

2021 2020¹

\$ 642	\$ 306
\$ 7.48	\$ 3.40
85.8	89.9

15.8%

**Core Operating
Return on Equity**

- Core Operating Return on Equity²:

- AFG Consolidated³

2021 2020¹

15.8%	7.9%
-------	------

36.9%

**Annualized Growth
in Adj BVPS +
Dividends**

- Book Value per Share:

- Excluding unrealized gains related to fixed maturities
- Tangible, excluding unrealized gains related to fixed maturities

Sept. 30, Dec. 31,
2021 2020

\$ 59.70	\$ 63.61
\$ 57.28	\$ 60.82

¹ On May 28, 2021, AFG completed the sale of its Annuity business to MassMutual. The results of AFG's Annuity operations are reported as discontinued operations beginning with the first quarter of 2021 and through the date of sale, in accordance with GAAP, which included adjusting prior period results to reflect these operations as discontinued.

² Equity excludes AOCI.

³ Includes the impact of holding company and other operations not reported in AFG's operating segments.

Specialty Property & Casualty Businesses

Dollars in millions

	Net Written Premium						2021E excl. Workers' Comp
	<u>2019</u>	<u>2020</u>	Nine Months Ended		<u>% Change</u>	<u>2021E¹</u>	
			<u>9/30/2020</u>	<u>9/30/2021</u>			
Specialty Property & Transportation	\$ 1,876	\$ 1,887	\$ 1,447	\$ 1,740	20%	15% – 19%	
Specialty Casualty	\$ 2,701	\$ 2,304	\$ 1,739	\$ 1,912	10%	8% – 12%	15% – 19%
Specialty Financial	\$ 617	\$ 604	\$ 441	\$ 485	10%	10% – 14%	
Other Specialty	<u>\$ 148</u>	<u>\$ 197</u>	<u>\$ 149</u>	<u>\$ 166</u>	11%	n/a	
Total Specialty	<u>\$ 5,342</u>	<u>\$ 4,992</u>	<u>\$ 3,776</u>	<u>\$ 4,303</u>	14%	11% – 14%	13% – 17%

¹ 2021E based on guidance issued November 3, 2021.

Specialty Property & Casualty Businesses

	GAAP Combined Ratio			
	<u>2019</u>	<u>2020</u>	<u>YTD 9/30/2021</u>	<u>2021E¹</u>
Specialty Property & Transportation	95.7%	90.4%	89.6%	86% – 88%
Specialty Casualty	93.3%	90.0%	86.6%	85% – 87%
Specialty Financial	85.0%	91.8%	84.9%	84% – 86%
Total Specialty	93.7%	91.3%	88.4%	86% – 88%

¹ 2021E based on guidance issued November 3, 2021.

Business Spotlight: Crop Insurance

Helping generations of farmers manage their risks since 1915

Specialized Crop Coverage Including Multiple Peril Crop Insurance (MPCI), Crop-Hail, Named Peril Insurance

One of a select few private companies authorized by the United States Department of Agriculture Risk Management Agency (USDA RMA) to write MPCI policies.

#5 Ranked

Provider of Multi-Peril Crop Insurance

9%

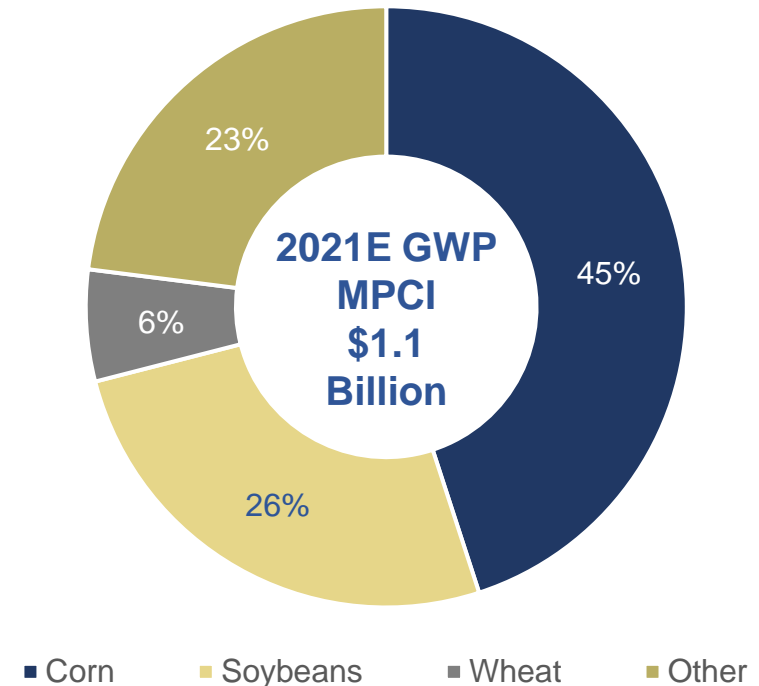
Market Share

*AFG is the **largest U.S.-based parent** company of an Approved Insurance Provider (AIP). Great American Insurance Company is one of the few original MPCI program participants.*

November 2021 Update

- *Knowing what we know at this point, we expect to have an above-average crop year from both a profitability and growth standpoint, with net written premiums projected to be up approximately 32% in 2021.*
- *Yields throughout much of the corn belt are average to well above average, offsetting below average drought-related yields from the north central states, freeze-related losses in Texas and drought-related losses in the western United States.*
- *Approximately 40% of our MPCI corn and soybean business is in the eastern corn belt, where growing conditions were more favorable.*
- *Corn and soybean harvest pricing settled at 17% and 4% higher, respectively, than spring discovery pricing and was comfortably within desired ranges of volatility.*

MPCI Premium Breakdown by Crop



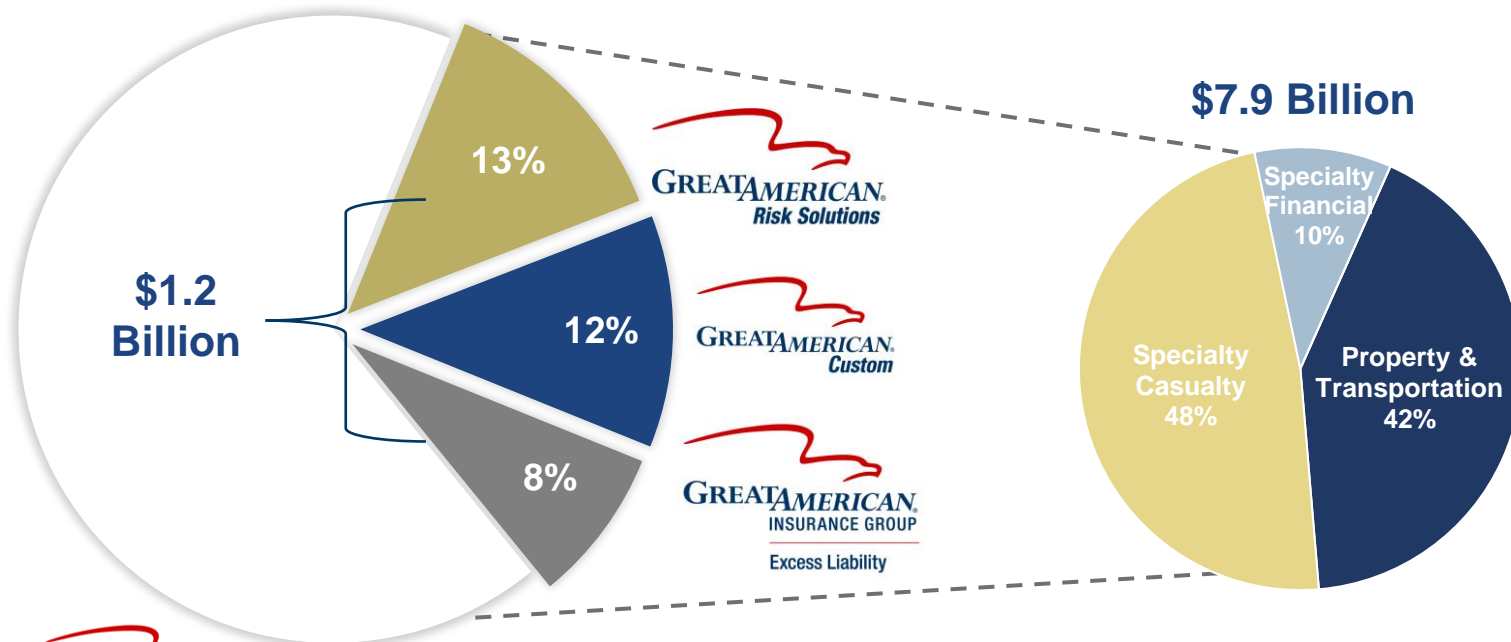
Business Spotlight: E&S, Umbrella and Excess Liability Businesses

Great American Risk Solutions writes hard-to-place P&C products via wholesale brokers on an excess and surplus lines basis (non-filed rates and forms).

Great American Custom writes excess liability on large capacity towers for Fortune 2000 risks through wholesale and large retail brokers; also writes primary risks and professional liability coverages.

Excess Liability writes umbrella and excess liability on large capacity towers for large commercial risks through retail and wholesale brokers.

GROSS WRITTEN PREMIUMS - LTM ENDED SEPTEMBER 30, 2021



- Year-to-date 2021 gross and net written premiums for these three divisions increased **17%** and **18%**, respectively
- Achieved overall **double-digit rate increases in excess** of prospective loss cost trends in the third quarter 2021
- Great American E&S lines ranked **#18** in 2020 (Source: S&P Global)

Innovation Capabilities and Technology

- ➦ Improved Risk Selection
- ➦ Instantaneous quote and bind capabilities
- ➦ Enhanced digital experiences
- ➦ Document extraction generating underwriting efficiencies



25+
partnerships
in place

15+
planning /
piloting phase

