



Specialty Property and Casualty Insurance

*Association of Insurance and Financial Analysts (AIFA)
2022 Annual Conference*

March 8, 2022

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 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

7.5%

Points of COR outperformance vs. peers over 10 year period ended 12/31/2021

Specialty P&C Combined Ratio

9 years

Consecutive years under 94%



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

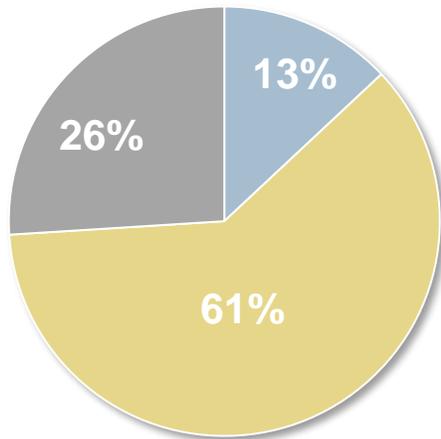
Customer Focus
Clear & Open
Communication
Work / Family Balance

Our Expectations

Integrity
Self-Discipline
Respect for Others

Strategic Alignment of Interests for Optimal Results

Significant Ownership by Management



■ Individual Investors
■ Institutional Investors
■ Family, Executives and Retirement Plan



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

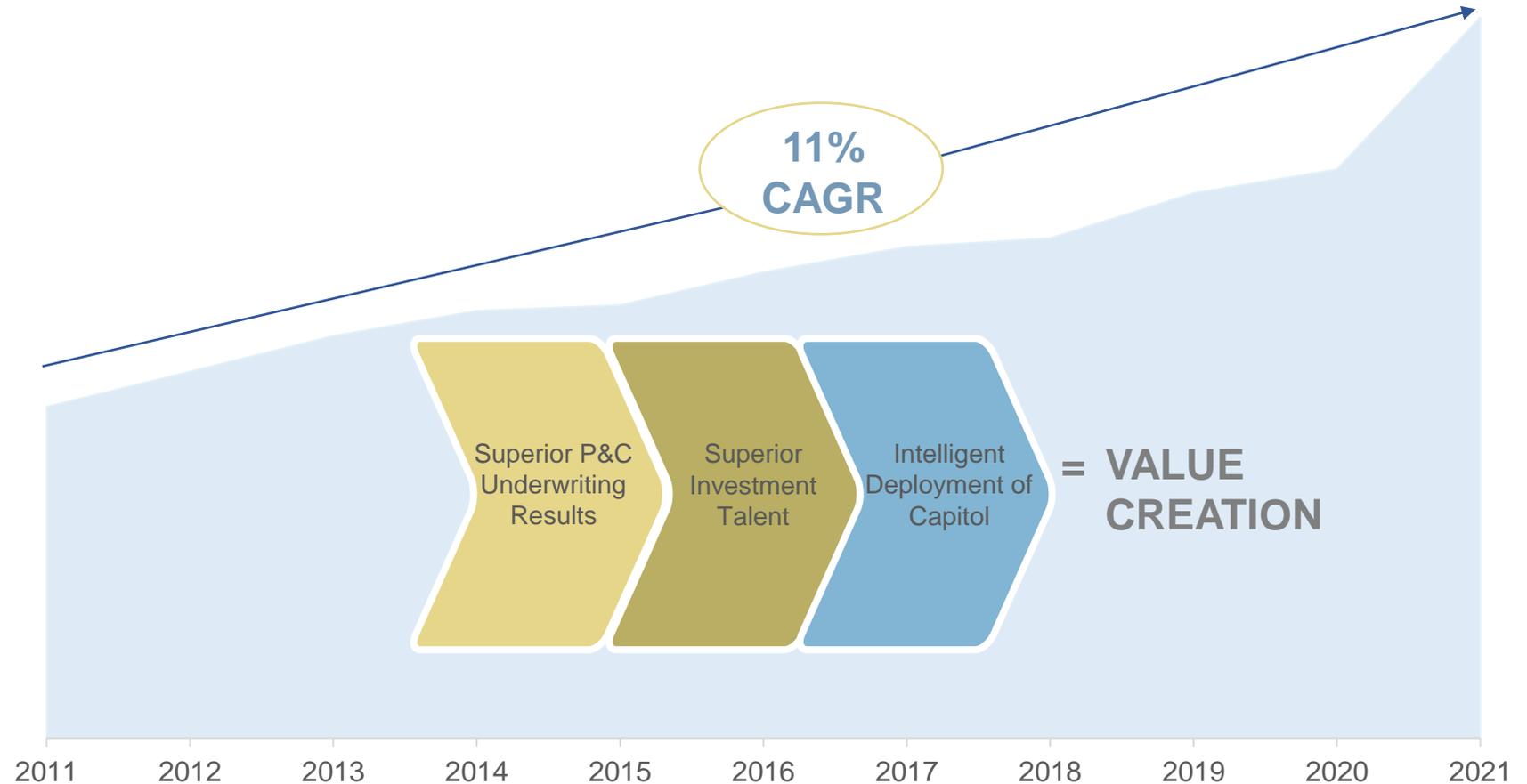


- A leader in providing risk sharing alternatives to the passenger transportation, moving & storage and trucking specialty transportation industries
- Through collaboration and specialized knowledge, we work with a variety of agency and group risk sharing programs in a wide range of industry segments 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

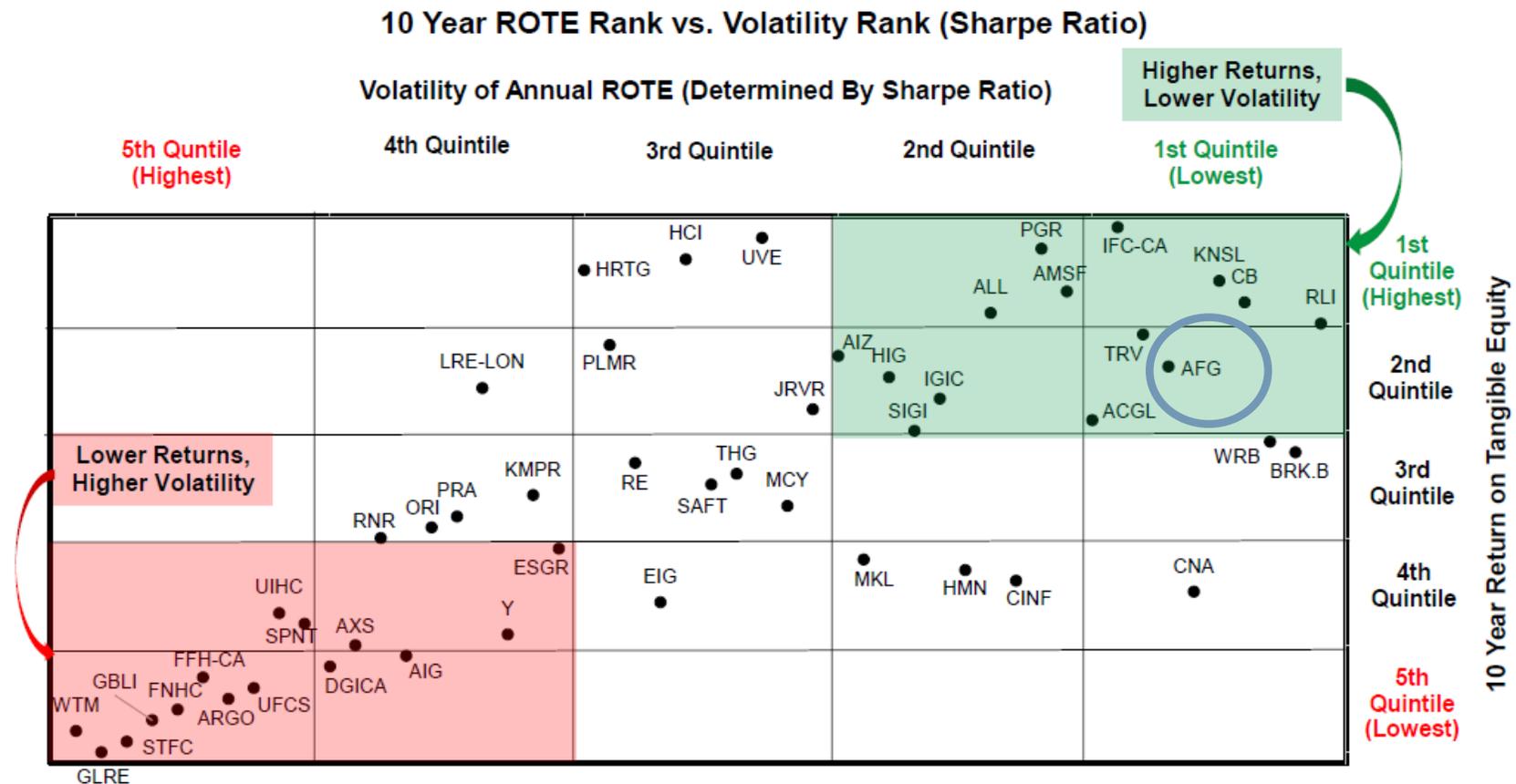
10 YEAR VIEW OF TOTAL VALUE CREATION

Growth in Adjusted
BVPS + Dividends



Higher Returns and Lower Volatility

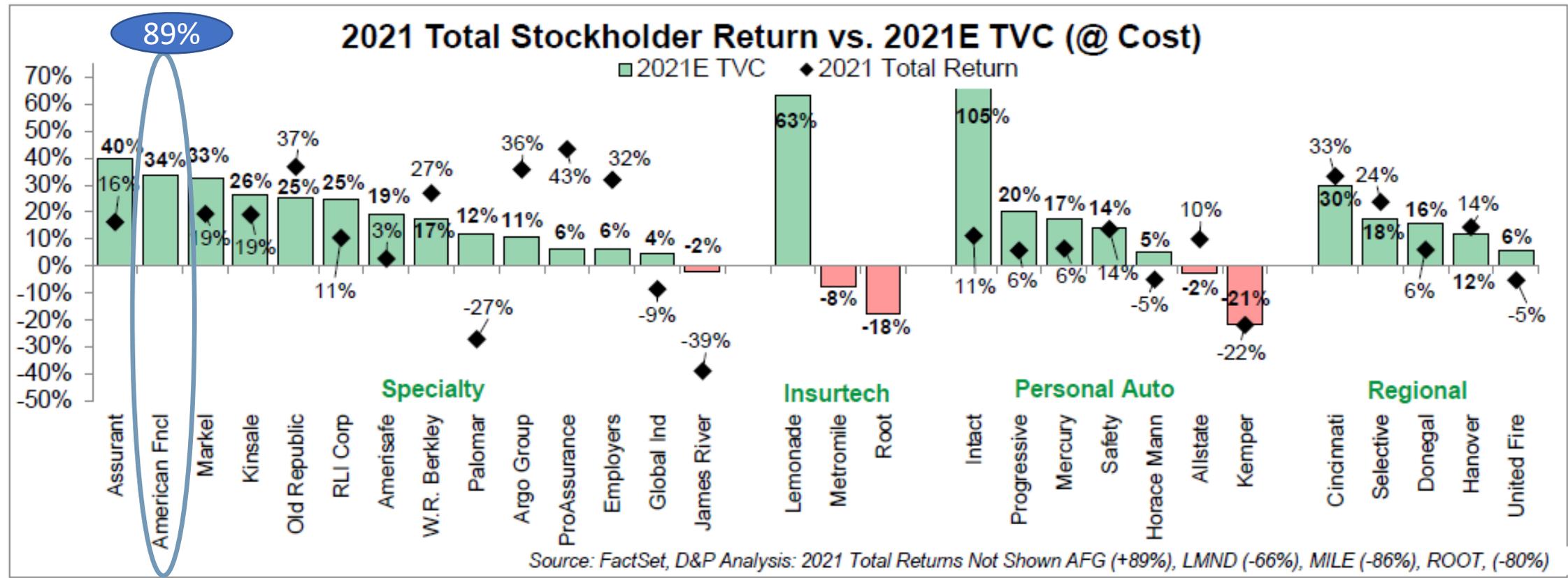
For the 10 years ended 12/31/20, AFG ranks favorably among peers with higher returns and lower volatility



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

Strong Track Record of Total Value Creation

AFG stands out among peers with 2021 total stockholder return of +89%



Focusing on What We Know Best



Start-Ups

Acquisitions

Dispositions

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

Medical Stop Loss

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



S&P Global
Ratings

MOODY'S

A+

Stable Outlook

A+

Stable Outlook

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

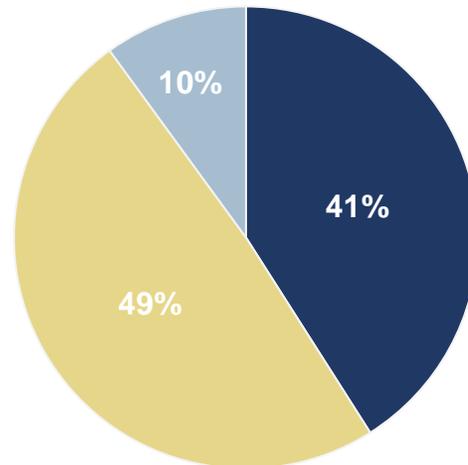
Diversified product offerings in niche markets
Consistent, solid underwriting results
Strong market positions
Strong capitalization
Low catastrophe risk profile



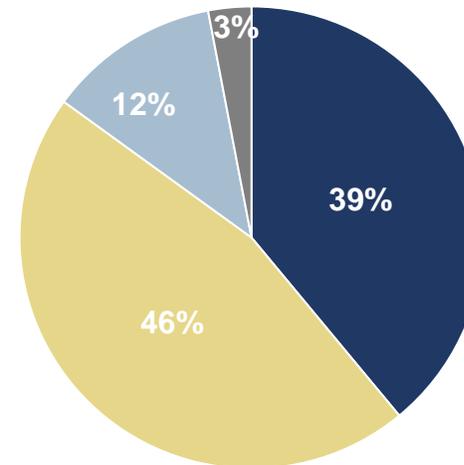
Specialty Property & Casualty Premium

Low correlation • Lower relative coastal exposure

**Gross Written Premiums
2021
\$7.9 Billion**



**Net Written Premiums
2021
\$5.6 Billion**



- Property & Transportation
- Specialty Casualty
- Specialty Financial
- Other Specialty¹

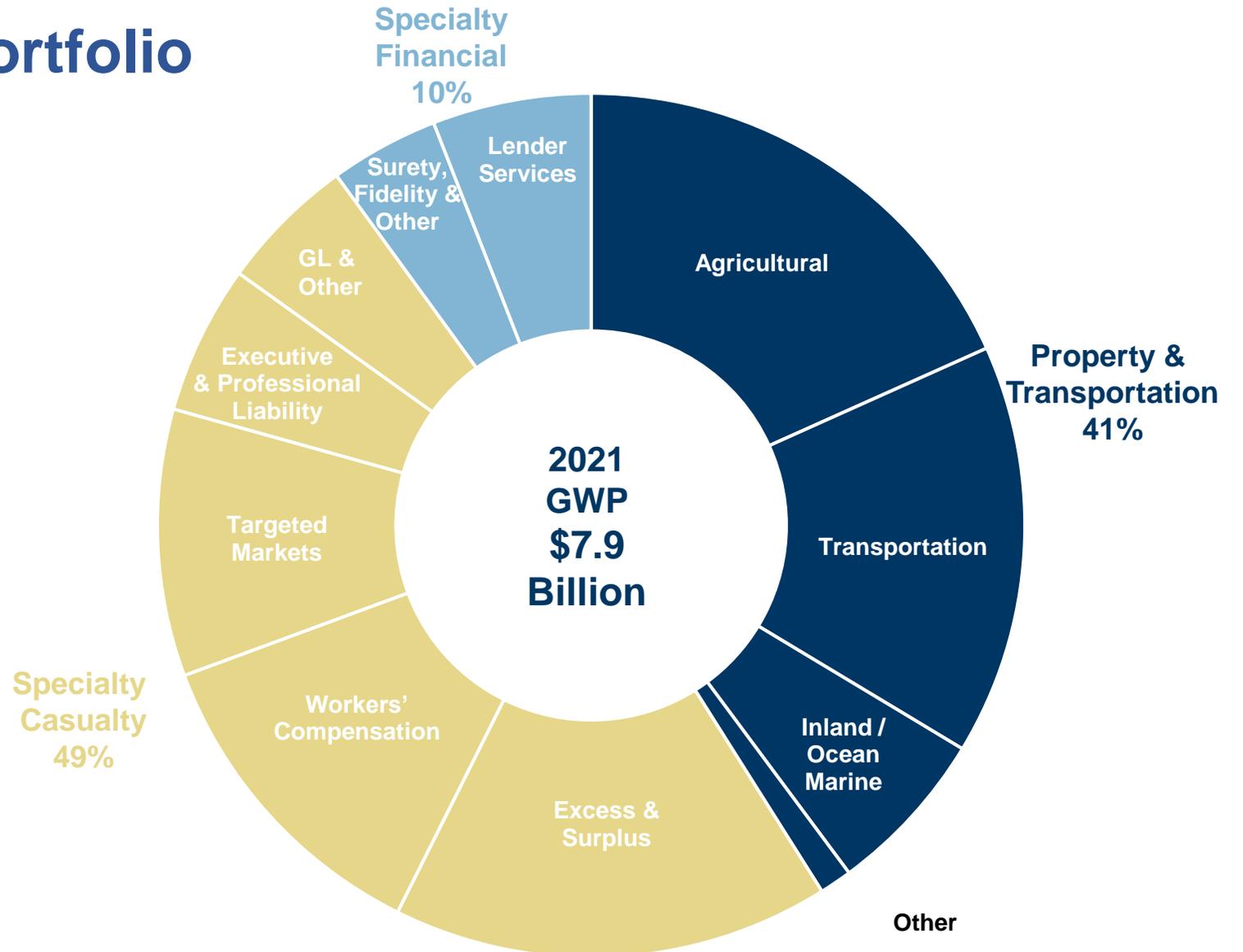
In 2021, approximately 50% of P&C Group GWP produced by businesses with “Top 10” market rankings including: ABAIS • Crop • Equine • Fidelity/Crime • Financial Institution Services • FL Workers Comp • Moving & Storage • Non-Profit/Social Services • Ocean Marine • Passenger Transportation • Public Entity • Trade Credit • Trucking

¹ Includes an internal reinsurance facility.

Diversified Product Portfolio

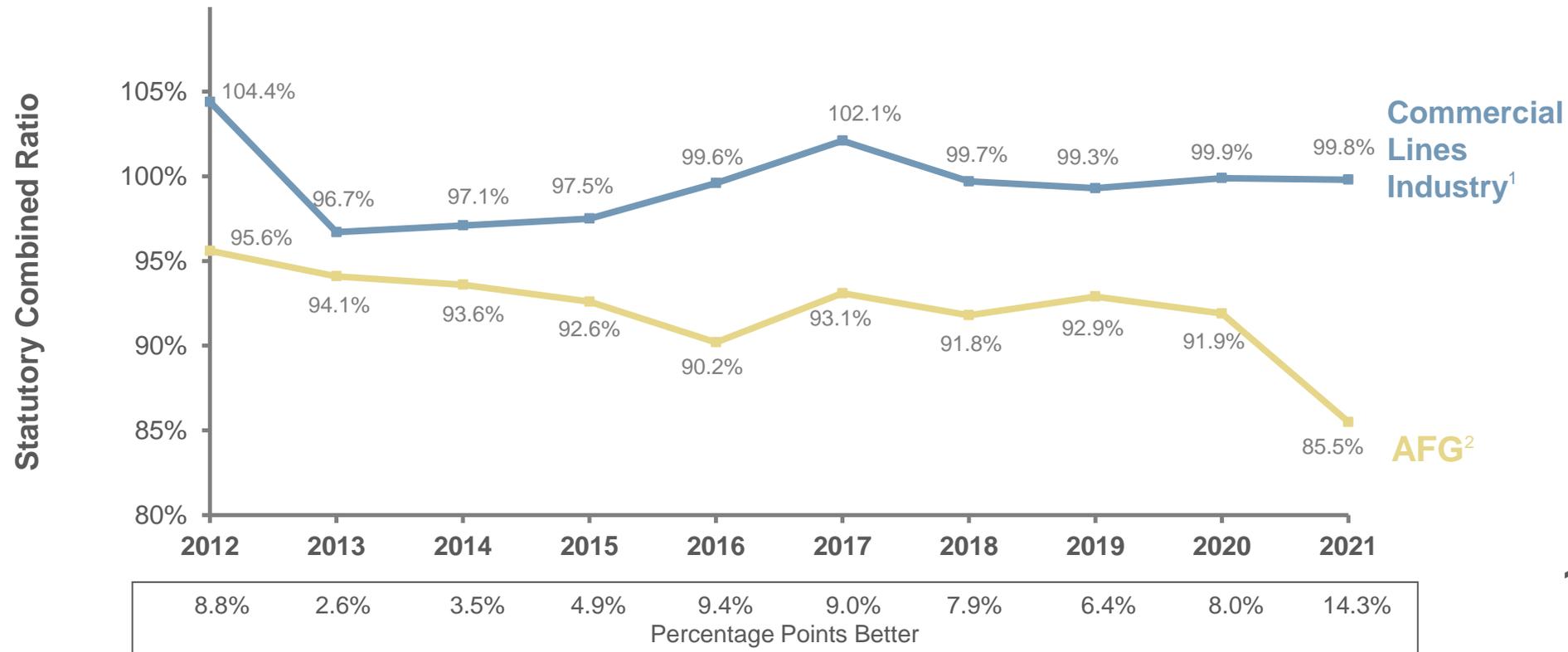
Gross Written Premiums

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



2022 mix is expected to be similar

Superior Underwriting Talent

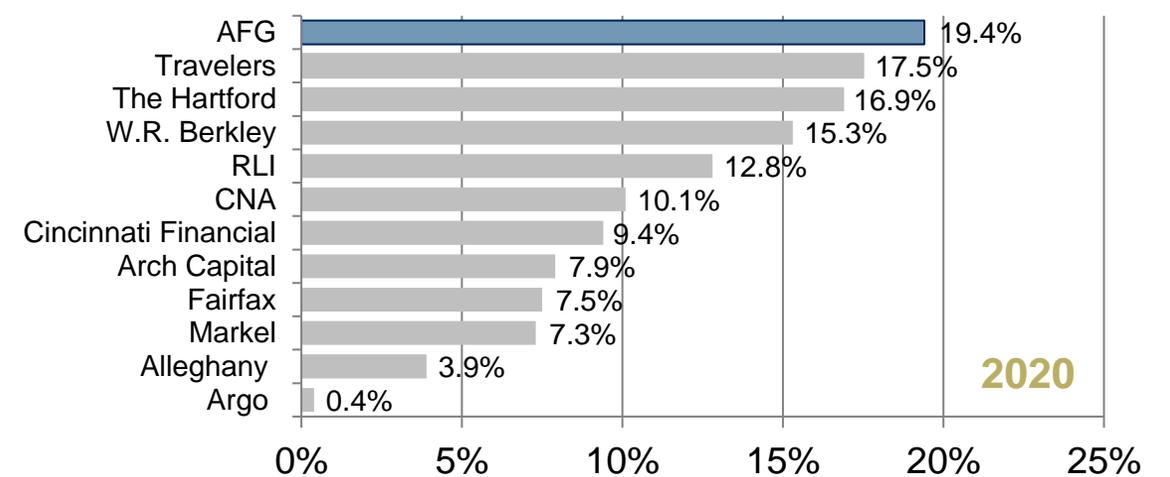
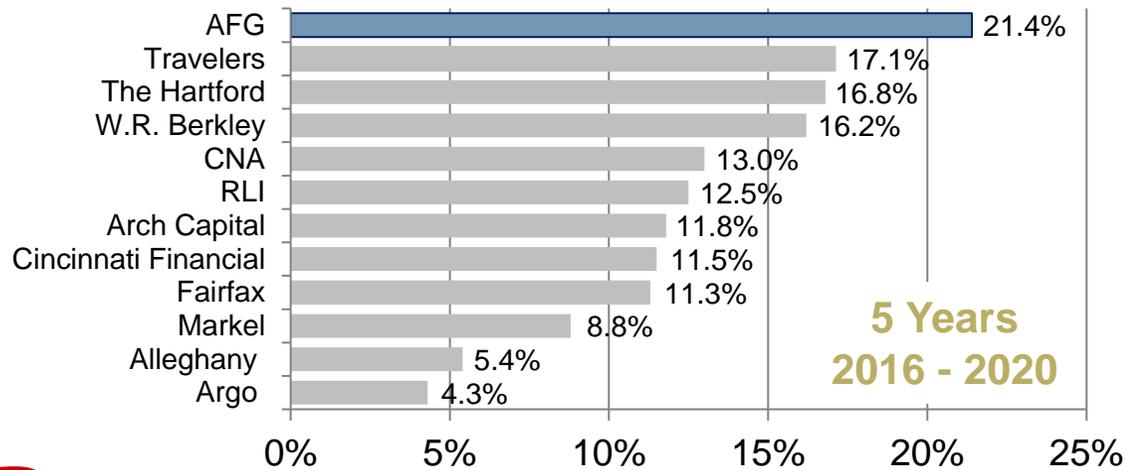
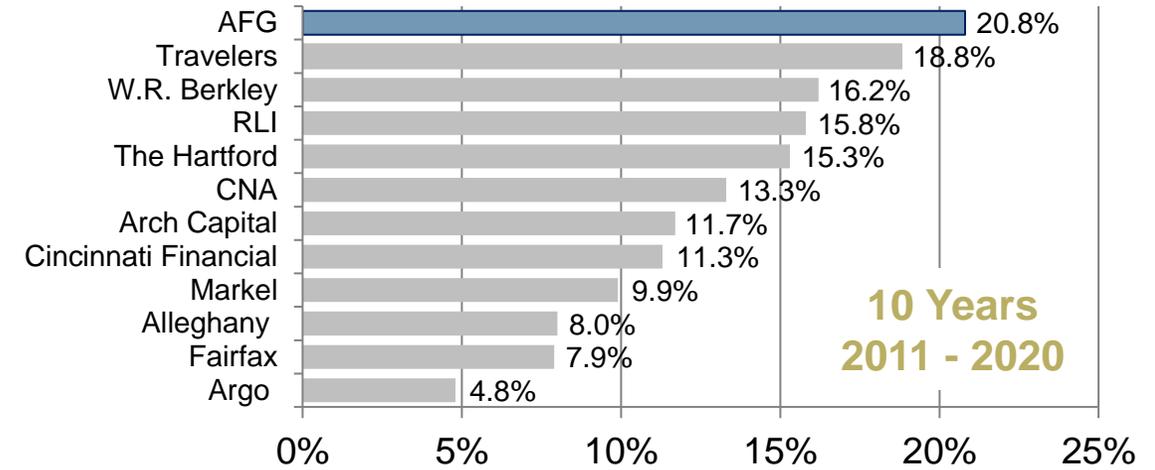
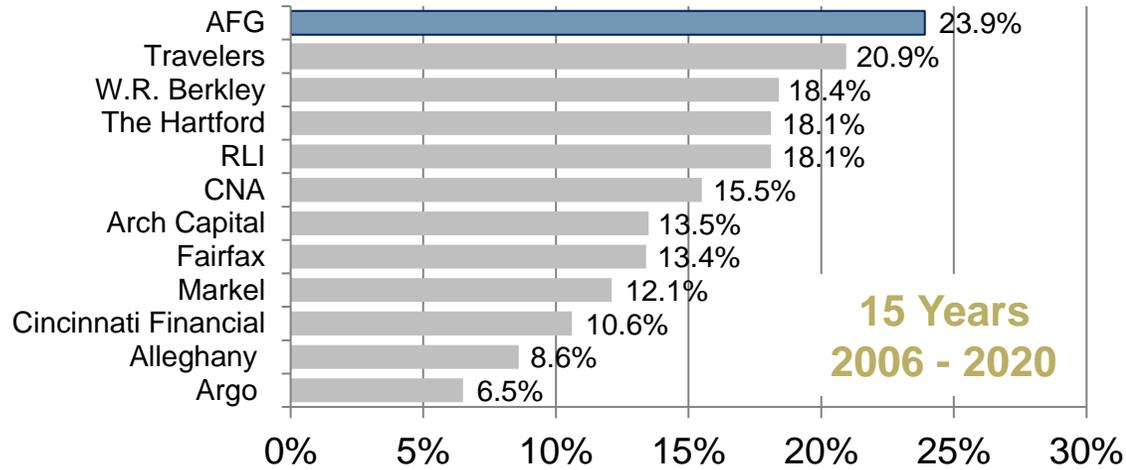


7.5%
Points
Better
Over the
10 Year
Period
Ended
12/31/2021

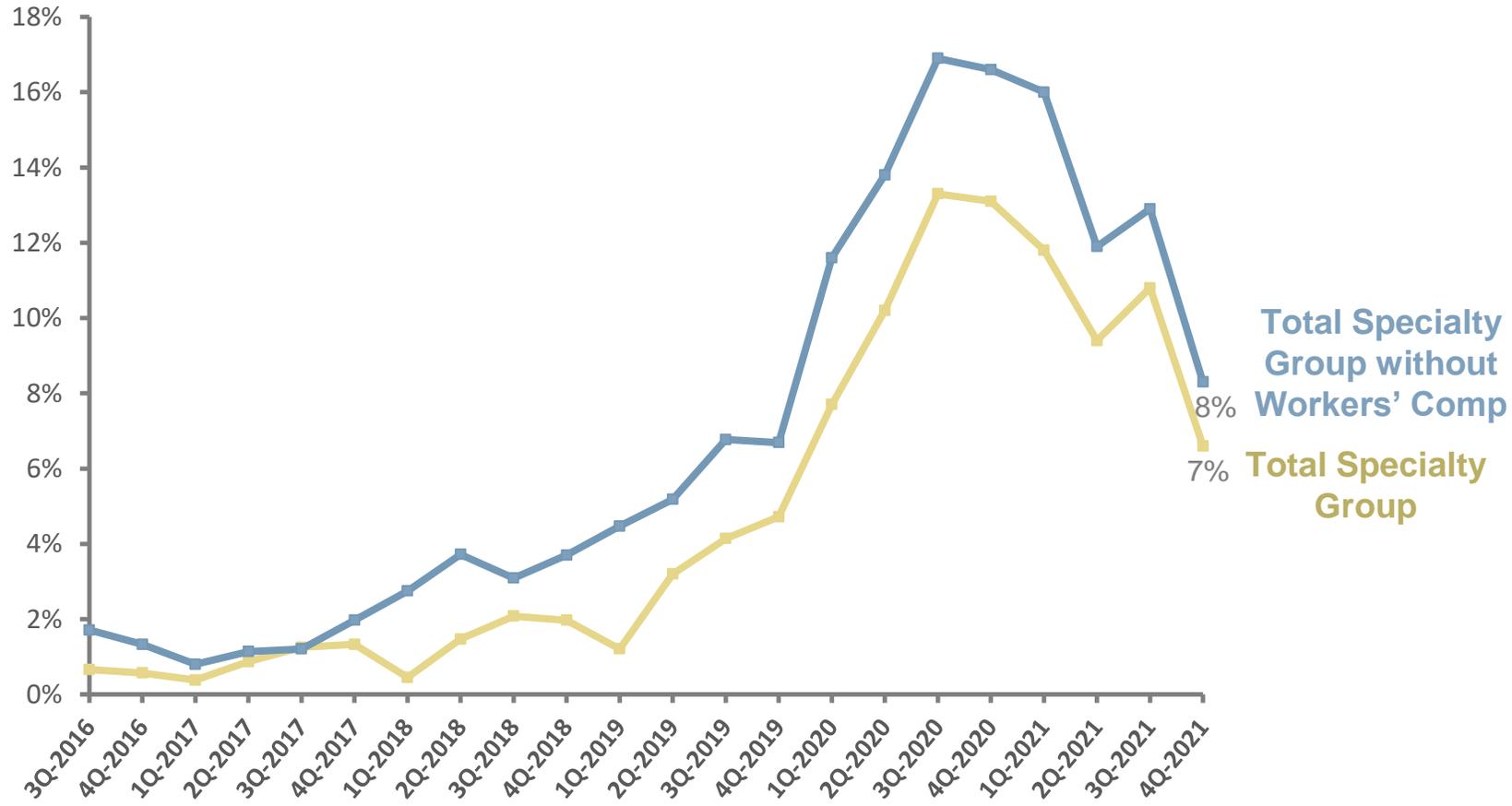
¹ Commercial Lines Industry based on data from A.M. Best's Market Segment Report – February 24, 2022.

² American Financial Group Form 10K filings.

Pretax Property & Casualty Returns

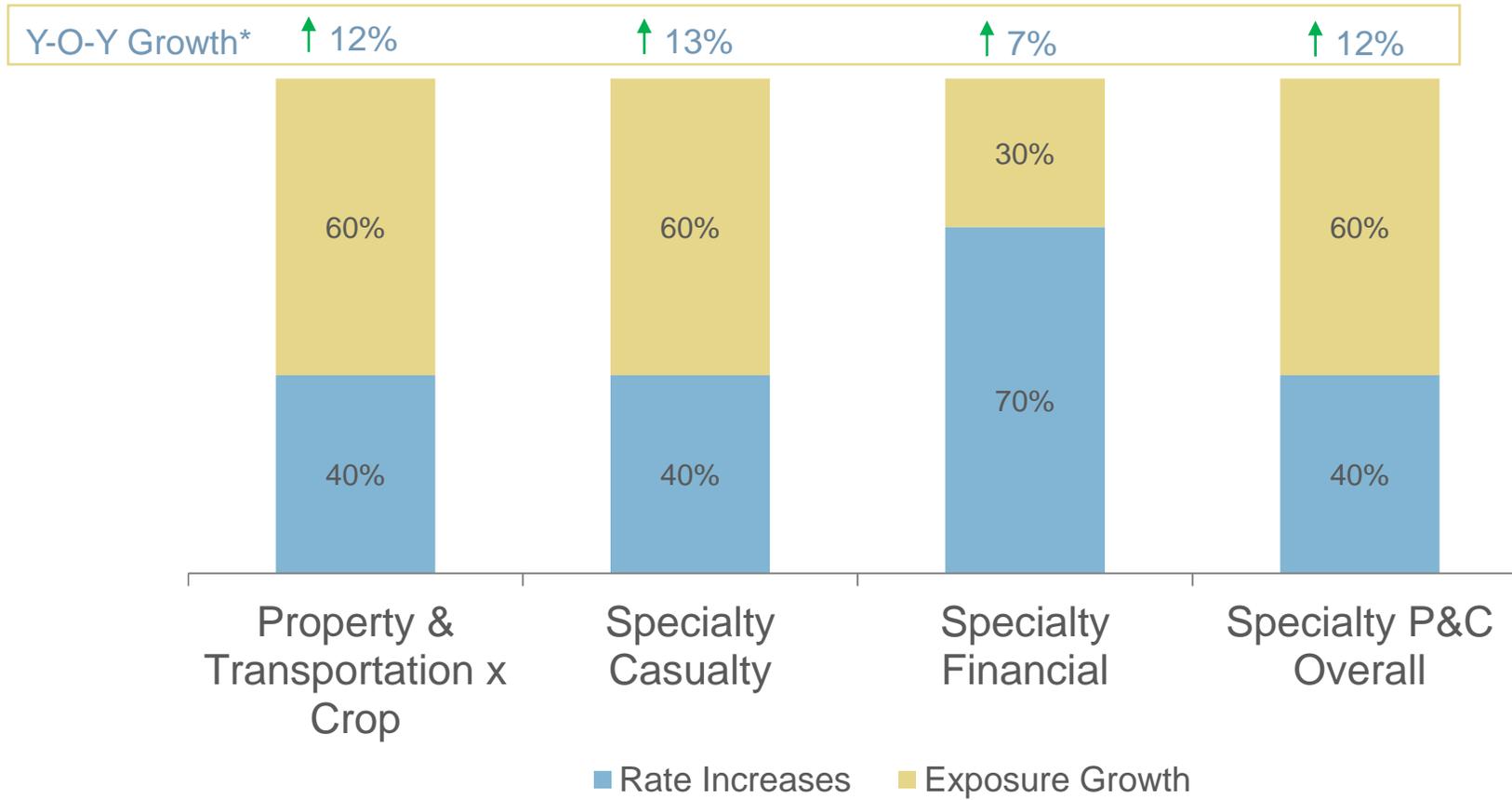


Specialty P&C Pricing Trends



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.

Growth Premium Drivers – GWP through of December 31, 2021



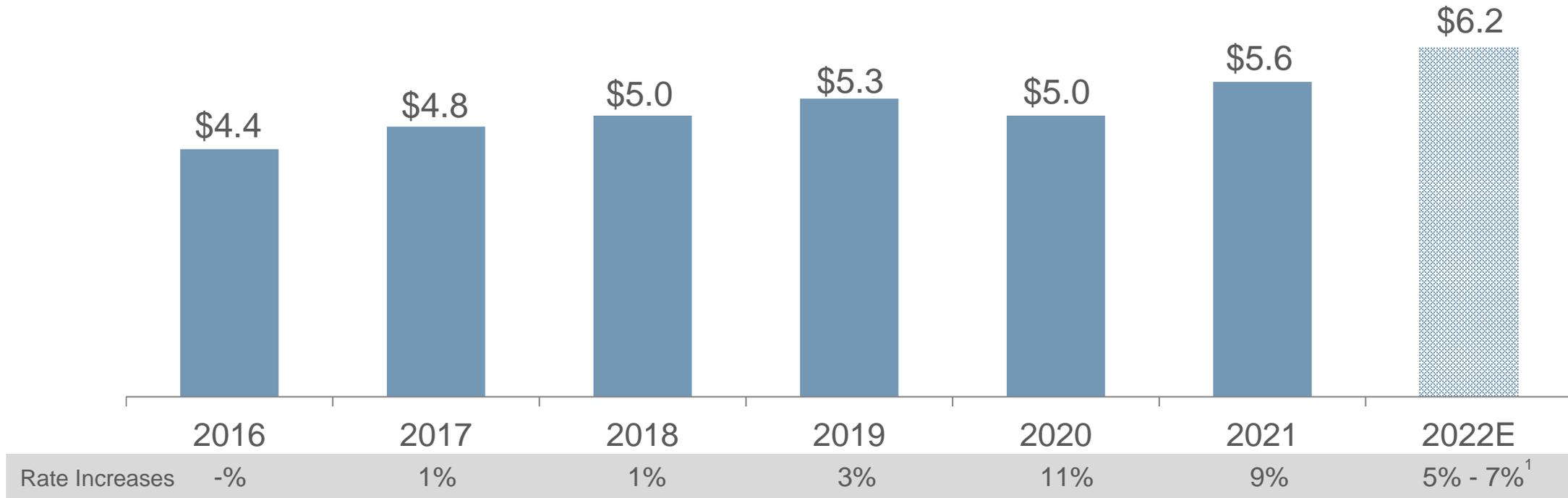
- Average renewal rate increase of 9% for Specialty P&C overall YTD
- Property & Transportation: Strong renewals with increased exposures in select commercial auto captive business, along with new business opportunities across almost all NATL divisions; writing well-priced new business in our inland marine business
- Specialty Casualty: Significant renewal rate increases and new business opportunities in E&S and targeted markets business; also growth in executive and professional liability lines of business
- Specialty Financial: New business opportunities and rate increases in fidelity & crime and surety

* Excludes growth in crop insurance business in Property & Transportation and Specialty P&C.

Specialty Property & Casualty Premium Growth

Dollars in billions

P&C Net Written Premium and Renewal Rates



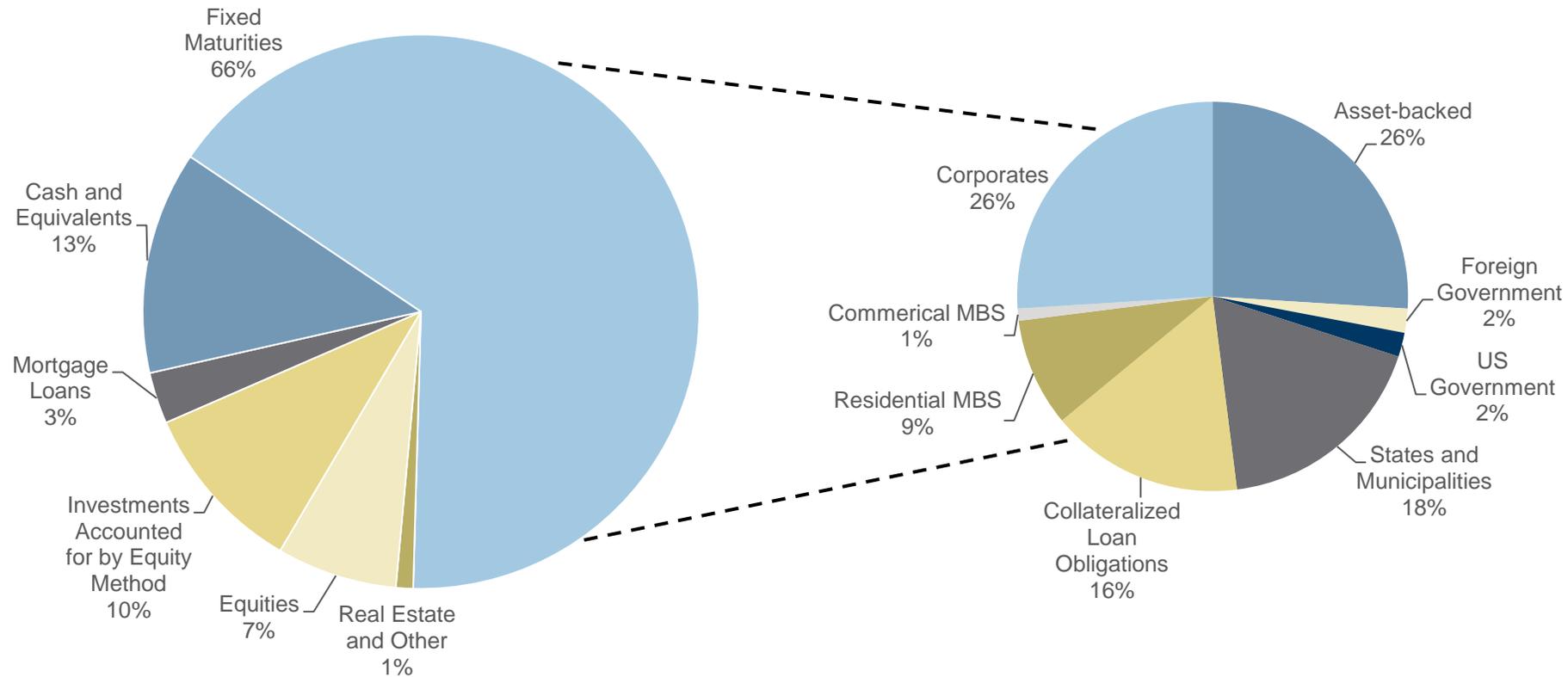
Overall Specialty P&C renewal rates increased approximately 7% in 4Q21. Excluding workers' compensation, renewal rates increased approximately 8%.

¹ Excluding the impact of workers' compensation, overall Specialty P&C renewal rates are expected to increase in the range of 6% to 8%.

AFG Investment Portfolio

As of December 31, 2021

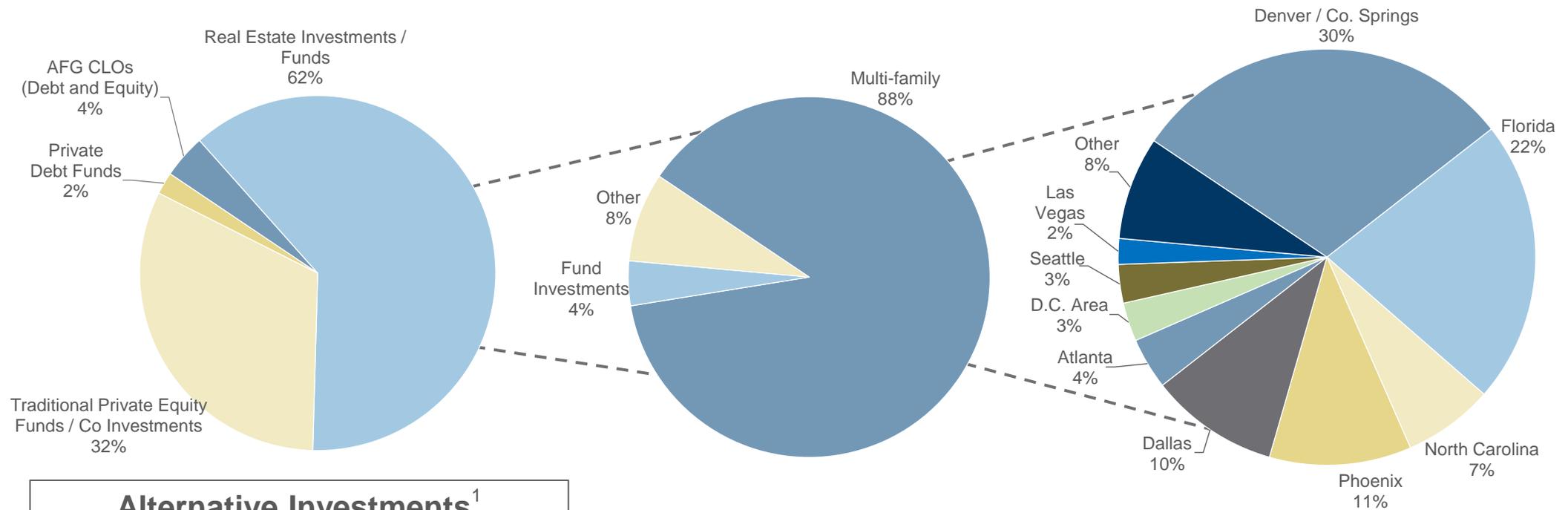
Fixed Maturities Portfolio – 88% investment grade
 P&C Fixed Maturities Portfolio – 98% NAIC 1 & 2



Carrying Value – \$15.7 Billion

AFG Investment Portfolio – Alternative Investments

As of December 31, 2021



Alternative Investments¹
Total = \$1.8 Billion
(~ 11.5% of total investments)

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 December 31, 2021	2.0 years
Annualized yield on available for sale fixed maturities	
Quarter ended 12/31/2021:	2.74%
• Net of investment expenses ¹	
• Tax equivalent, net of investment expenses ²	2.86%

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 \$1.9 billion at 12/31/21

Strong Financial Position & Excess Capital

Dollars in millions, except per share data

	<u>Dec 31, 2021</u>
Parent Co. Cash and Investments	\$ 1,857
Excess Capital	2,133
Ratio of debt to total adjusted capital ²	29.0%
<hr/>	
Common shares outstanding	84.921
<u>Book value per share:</u>	
Book value per share	\$ 59.02
Adjusted ¹	\$ 57.42

We returned \$2.7 billion of capital to shareholders in 2021.

February 2022 Update

- In addition to excess capital we expect to generate in 2022, 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 105% of face, this would free up approximately \$950 million of excess capital available for return to shareholders in the form of share repurchases or special dividends.¹

¹ Portion of excess capital available for distribution without reducing long-term debt or exceeding our most restrictive debt to capital guideline.

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

2022 Capital Management

- \$2.00 per share special dividend to be paid March 22, 2022

2021 Capital Management

- Returned \$2.7 billion of capital to shareholders
- 12% increase in regular annual dividend
- 16th consecutive annual dividend increase
- Five special dividends totaling \$26.00 per share paid in 2021
- Repurchased \$319 million of AFG common shares
- Excess capital at December 31, 2021 approximately \$2.1 billion
- 7.7 million shares remaining in repurchase authorization as of December 31, 2021

Capital Returned to Shareholders Five Years Ended 12/31/2021 (in millions)

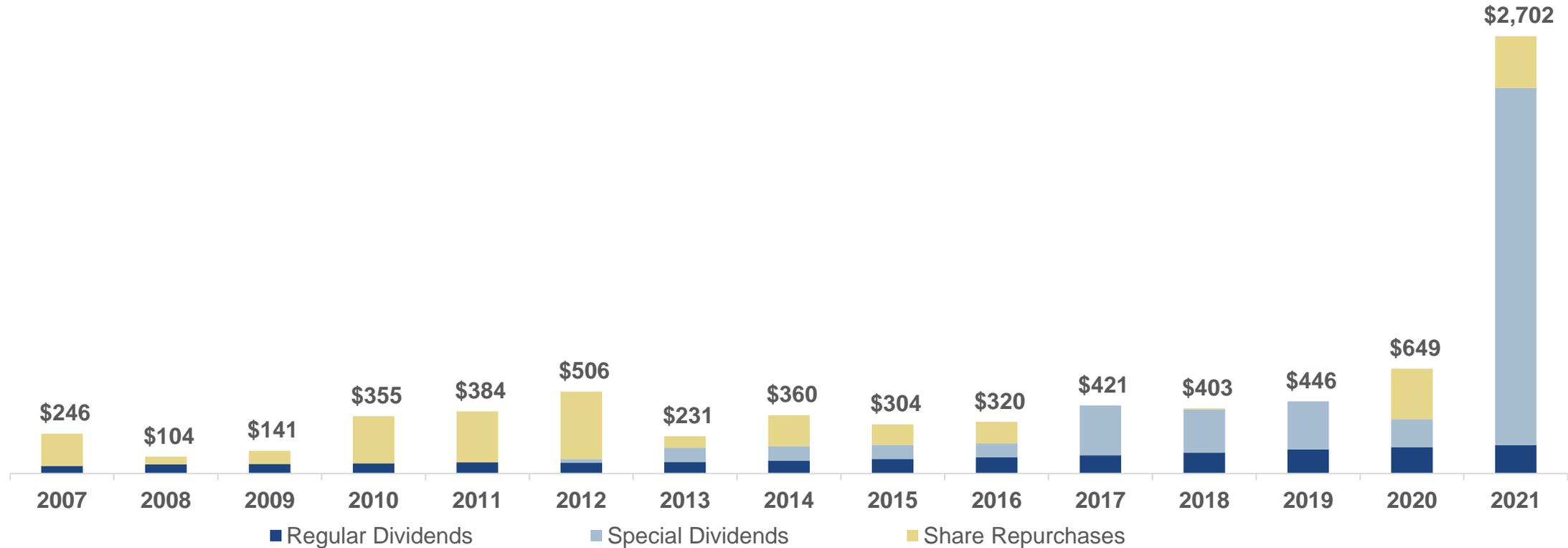
Dividends Paid	\$ 3,983
Repurchases	<u>638</u>
Total	<u><u>\$ 4,621</u></u>



\$4.6 Billion Returned to Shareholders

Balanced Approach to Capital Allocation

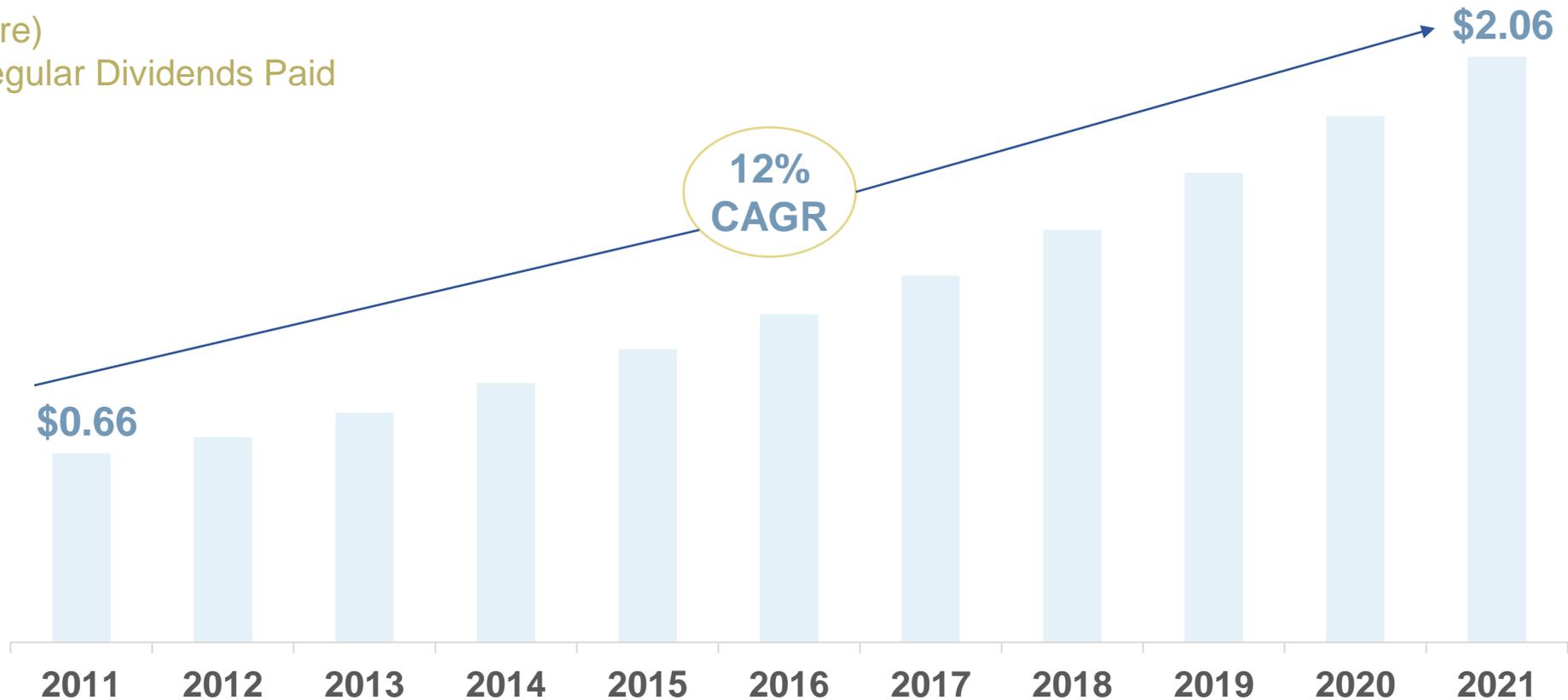
Dollars in millions



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 \$2.00 special dividend declared in March 2022, and the \$26.00 in special dividends declared in 2021, AFG has declared \$44.05 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



2022 Outlook

AFG's 2022 core net operating earnings guidance \$9.75 - \$10.75 per share

	<u>NWP Growth¹</u>	<u>Combined Ratio</u>
Specialty P&C Group Overall	8% – 12%	85% – 87%
<u>Business Groups:</u>		
Property & Transportation	8% – 12%	87% – 91%
Specialty Casualty	6% – 10%	80% – 84%
<i>Specialty Casualty Excluding Workers' Comp</i>	<i>7% – 11%</i>	
Specialty Financial	8% – 12%	84% – 88%

P&C average renewal rates up 5% to 7% when compared to 2021

¹ Reflects an average crop year and an annualized return of approximately 10% on alternative investments.

Appendix

Financial Highlights – 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

- Core Operating Return on Equity²:

- AFG Consolidated³

- Book Value per Share:

- Excluding unrealized gains related to fixed maturities
- Tangible, excluding unrealized gains related to fixed maturities⁴

Twelve Months Ended December 31,

	<u>2021</u>	<u>2020</u> ¹
	\$ 993	\$ 481
	\$ 11.59	\$ 5.40
	85.6	89.2
	<u>2021</u>	<u>2020</u> ¹
	18.6%	9.2%
	<u>Dec. 31,</u> <u>2021</u>	<u>Dec. 31,</u> <u>2020</u>
	\$ 57.42	\$ 63.61
	\$ 53.26	\$ 60.82

18.6%
Core Operating
Return on Equity

34.4%
Growth in Adj
BVPS + Dividends

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.

⁴ Tangible BVPS for 12/31/21 update relates solely to a revision to the preliminary purchase price allocation of an acquired subsidiary.

Sale of Annuity Operations

Dollars in millions

\$ 3,569	Sales proceeds at closing
<u>505</u>	Dividends paid to AFG from announcement date through closing date
<u>\$ 4,074</u>	Sales proceeds adjusted for dividends received
\$ 2,865	Net investment in annuity business sold (x-AOCI) at May 31, 2021

142% Price to Book Multiple

Prior to completion of the transaction, AFG's acquired approximately \$580 million in directly owned real estate and real estate-related partnerships from the Annuity Group. These investments are comprised primarily of real estate funds with underlying multi-family properties, which have performed very well post-closing, and real estate properties that AFG believes have substantial upside value to their carrying value.

Specialty Property & Casualty Businesses

Dollars in millions

	Net Written Premium					2022E excl. Workers' Comp
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>% Change</u>	<u>2022E¹</u>	
Specialty Property & Transportation	\$ 1,876	\$ 1,887	\$ 2,157	14%	8% – 12%	
Specialty Casualty	\$ 2,701	\$ 2,304	\$ 2,540	10%	6% – 10%	7% – 11%
Specialty Financial	\$ 617	\$ 604	\$ 658	9%	8% – 12%	
Other Specialty	<u>\$ 148</u>	<u>\$ 197</u>	<u>\$ 218</u>	<u>11%</u>	n/a	
Total Specialty	<u>\$ 5,342</u>	<u>\$ 4,992</u>	<u>\$ 5,573</u>	<u>12%</u>	8% – 12%	9% – 13%

¹ 2022E based on guidance issued February 10, 2022.

Specialty Property & Casualty Businesses

	GAAP Combined Ratio			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022E¹</u>
Specialty Property & Transportation	95.7%	90.4%	87.1%	87% – 91%
Specialty Casualty	93.3%	90.0%	84.3%	80% – 84%
Specialty Financial	85.0%	91.8%	85.1%	84% – 88%
Total Specialty	93.7%	91.3%	86.4%	85% – 87%

¹ 2022E based on guidance issued February 10, 2022.

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

