



Specialty Property and Casualty Insurance

*BofA Securities
2023 Financial Services Conference*

February 14, 2023

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.

150

GREAT AMERICAN INSURANCE GROUP

A legacy of *great* since 1872nd

Over **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

10 years

*Consecutive years
under 94%*



Overall Specialty P&C combined ratio of 87.2% for the twelve months ended December 31, 2022

Record underwriting profit and record P&C core net operating earnings per share for the twelve months ended December 31, 2022

Top Tier Specialty Property & Casualty Insurer



Our Corporate Values



2022 Employee Survey Highlights

PROUD TO BE BEST IN CLASS



Be here. Be *great.*



"I understand how my **job contributes** to the organization's strategy and goals."



"The people in my work group are committed to **delivering high quality products and services.**"

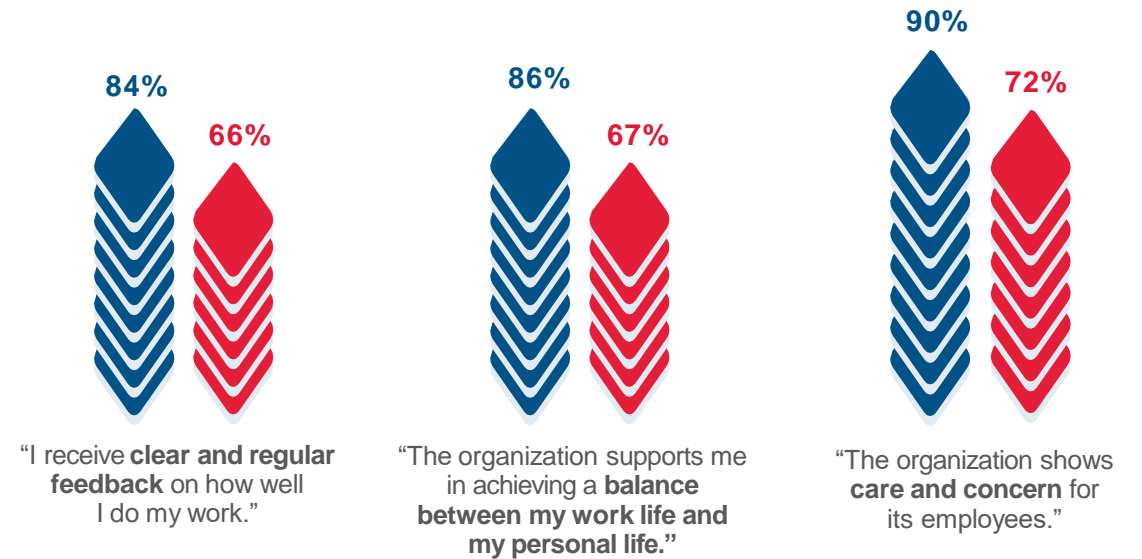


"I am **treated with respect** as an individual."



"I would recommend the organization as a **good place to work.**"

HOW WE STACK UP



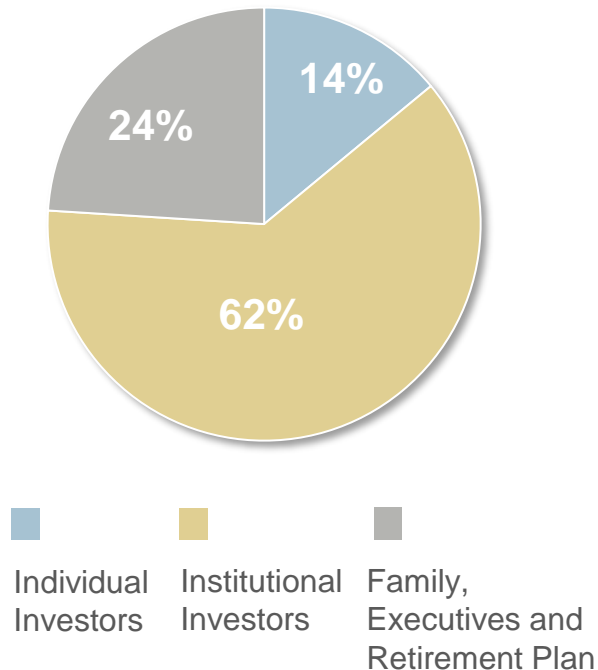
OUR COMPANY ■ HIGH PERFORMING COMPANIES*

* High Performing (Norm) – Average survey scores from 50 top performing organizations with over 320,000 employees (based on financial performance versus peers, and high employee engagement and enablement).

Source: Employee opinion survey and benchmark data is provided by our survey vendor, Korn Ferry.

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

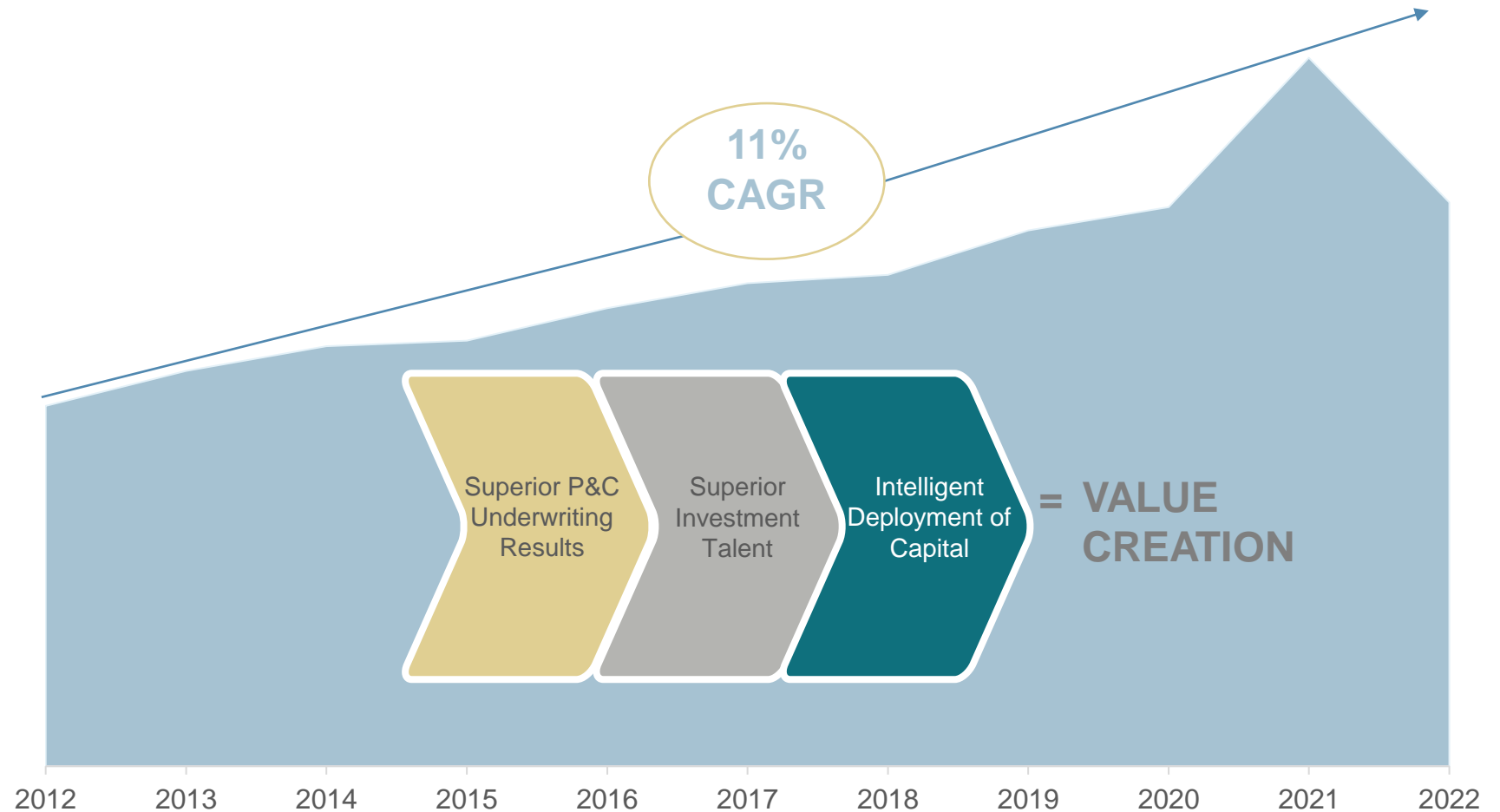


- A leader in providing risk sharing alternatives to the passenger transportation, moving & storage and trucking specialty transportation industries
- Through collaboration and specialized knowledge, we work with a variety of agency and group risk sharing programs in a wide range of industry segments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

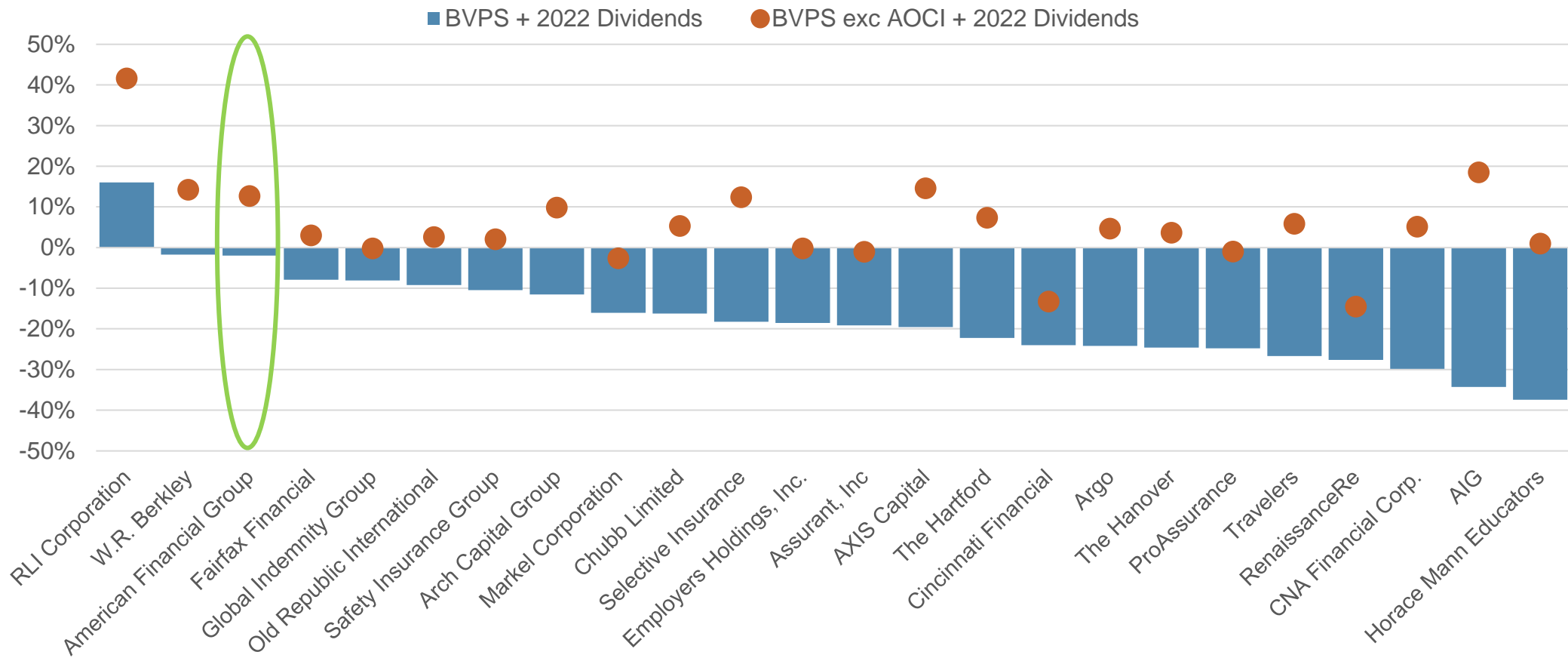
10 YEAR VIEW OF TOTAL VALUE CREATION

Growth in Adjusted
BVPS + Dividends



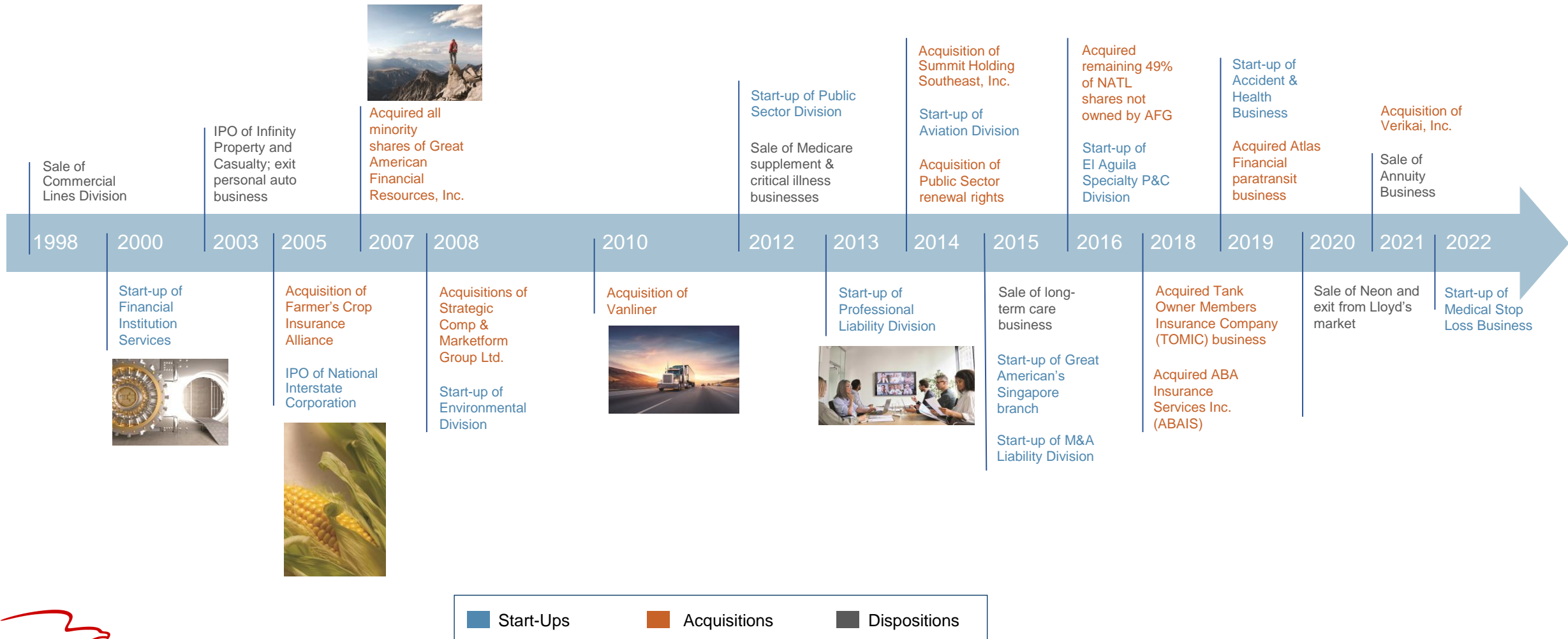
Adjusted Book Value excludes unrealized gains and losses related to fixed maturities.

Total Value Creation: YTD through September 30, 2022



Source: Public company filings.

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+

Superior



A+

Strong

S&P Global
Ratings

A1

MOODY'S

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

The Numbers Tell Our Story

3,000

Property and casualty insurance companies in the United States

50

Companies on the Ward's 50 List for safety, consistency and performance

4

Rated "A" (Excellent) or better by AM Best for 110+ years

3

on both lists

1

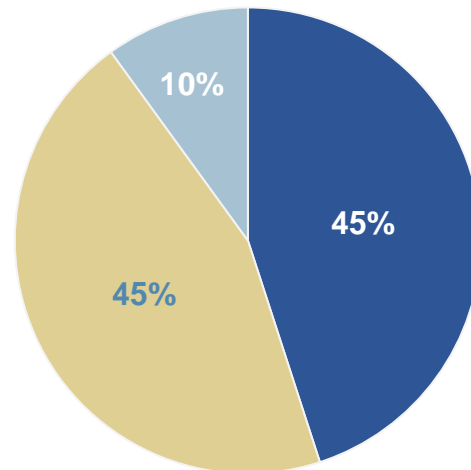
Great American Insurance Company is **1** of the **three**



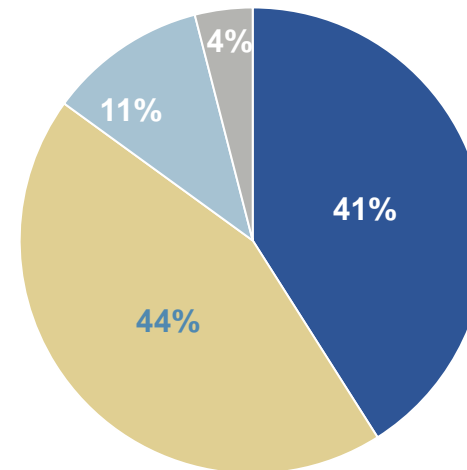
Specialty Property & Casualty Premium

Low correlation • Lower relative coastal exposure

**Gross Written Premiums
2022
\$9.1 Billion**



**Net Written Premiums
2022
\$6.2 Billion**



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

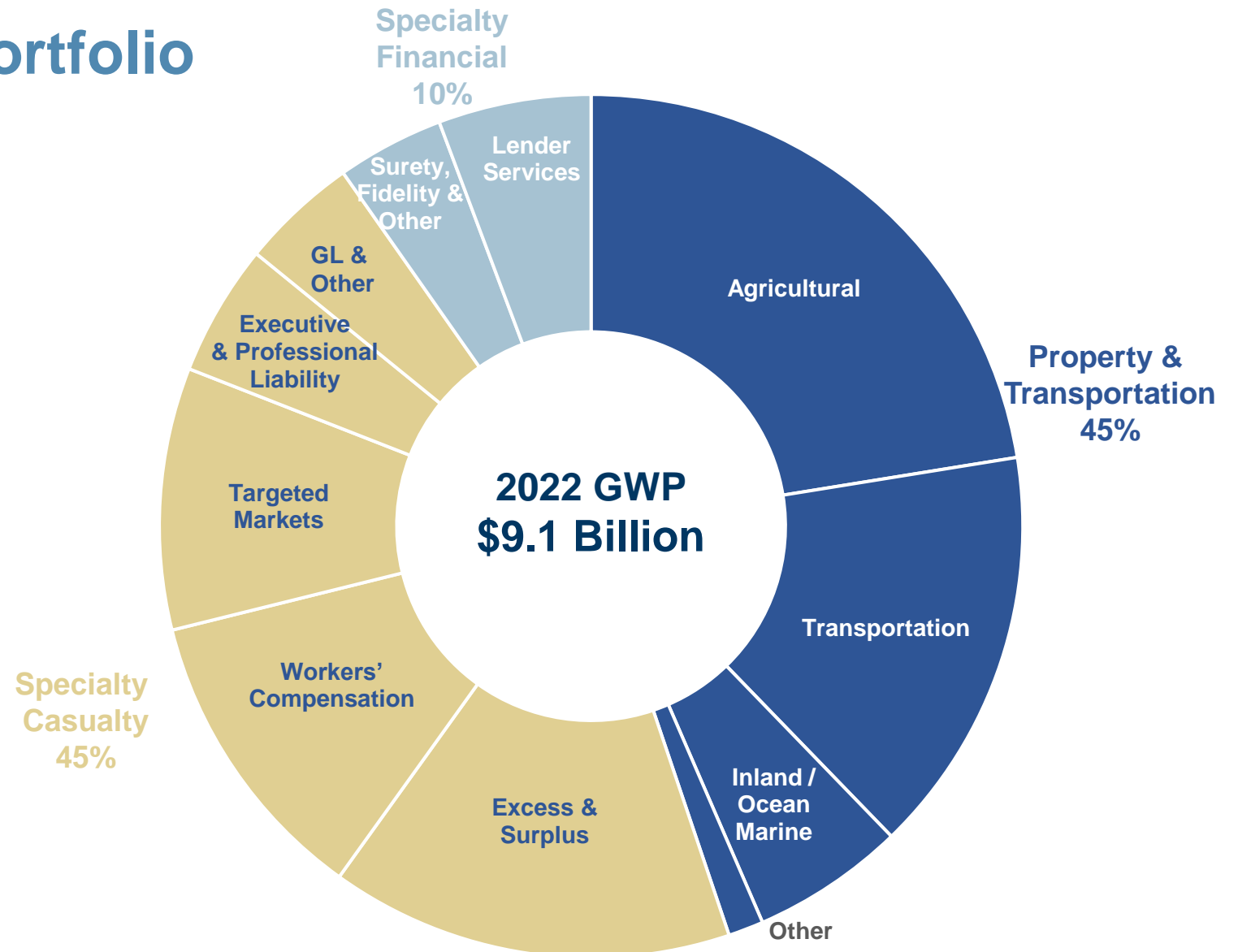
In 2022, over 50% of P&C Group GWP produced by businesses with “Top 10” market rankings including:
ABAIS • Crop • Equine • Fidelity/Crime • Financial Institution Services • FL Workers Comp • Moving & Storage •
Non-Profit/Social Services • Ocean Marine • Passenger Transportation • Public Entity • Trade Credit • Trucking

¹ Includes an internal reinsurance facility.

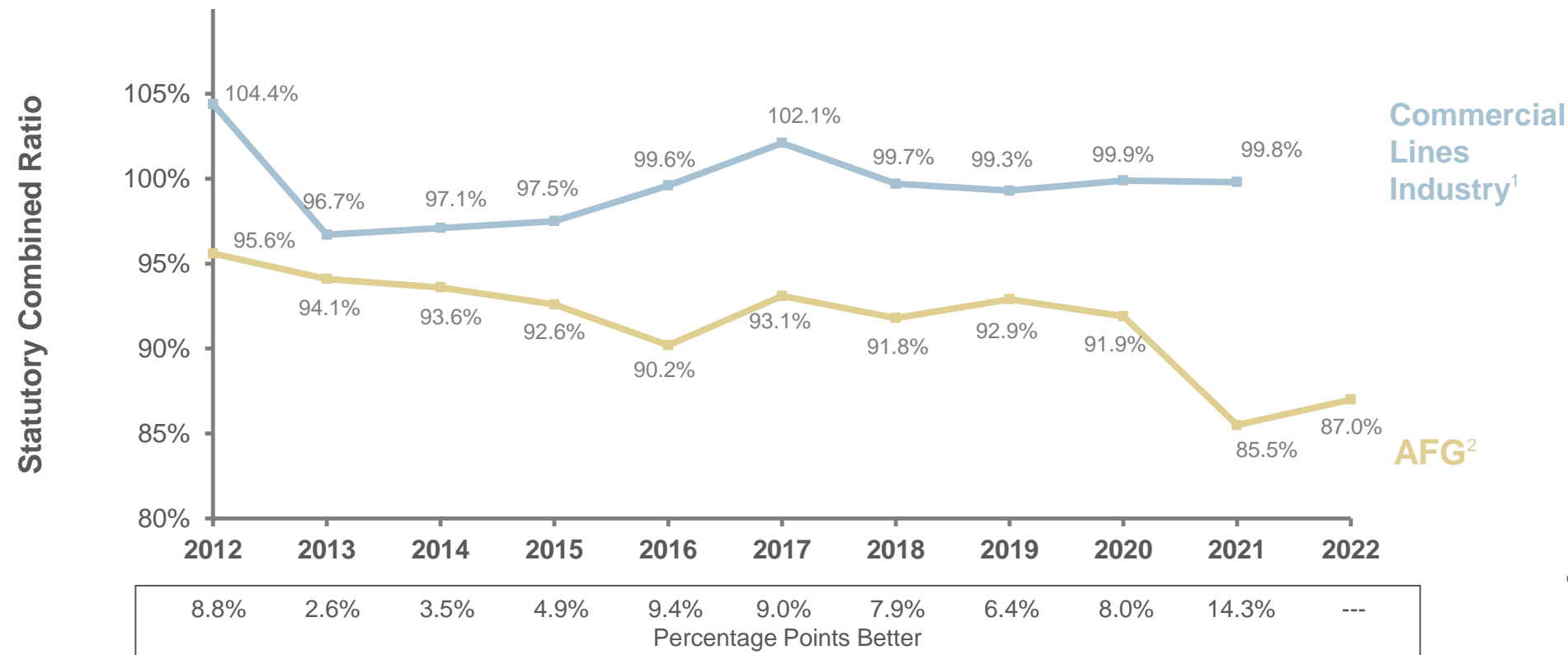
Diversified Product Portfolio

Gross Written Premiums

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



Superior Underwriting Talent

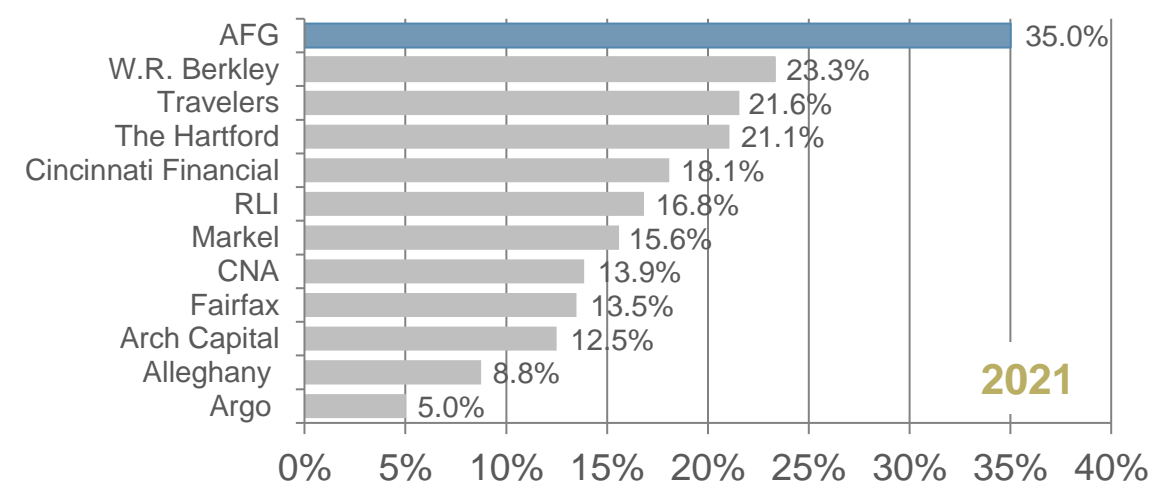
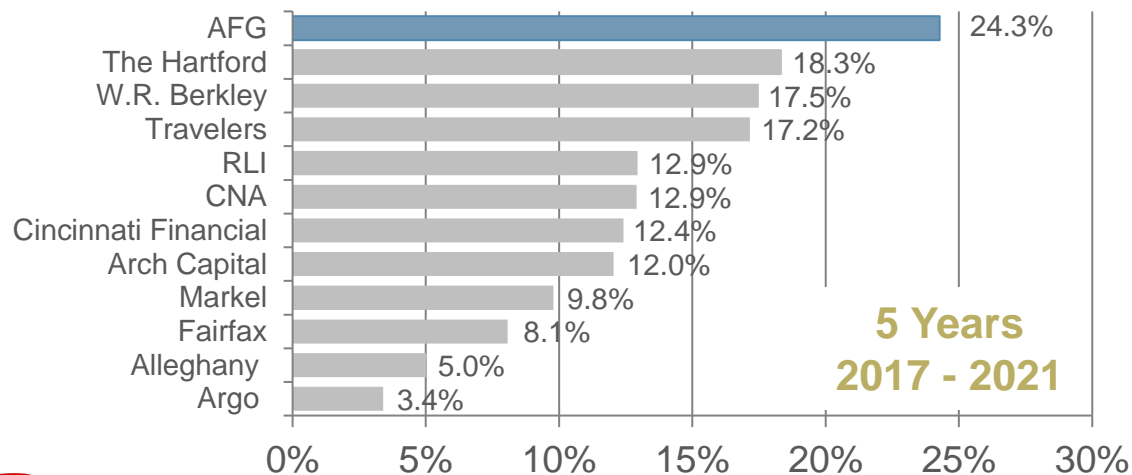
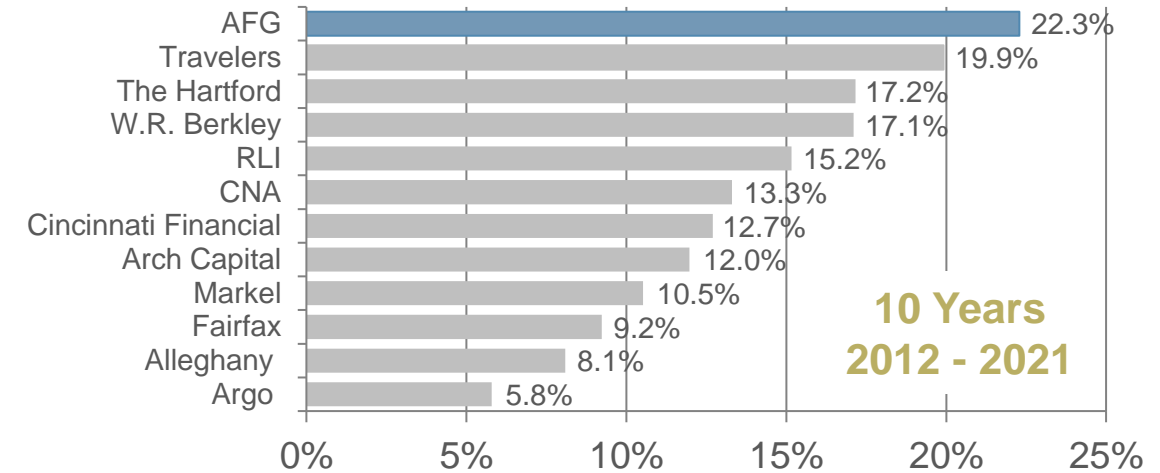
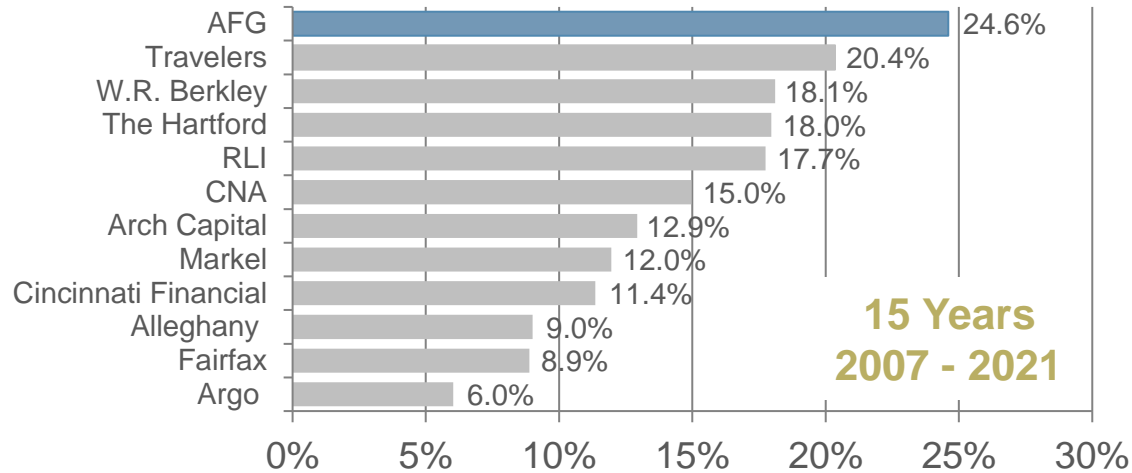


7.5%
Points
Better
Over the
10 Year
Period
Ended
12/31/2021

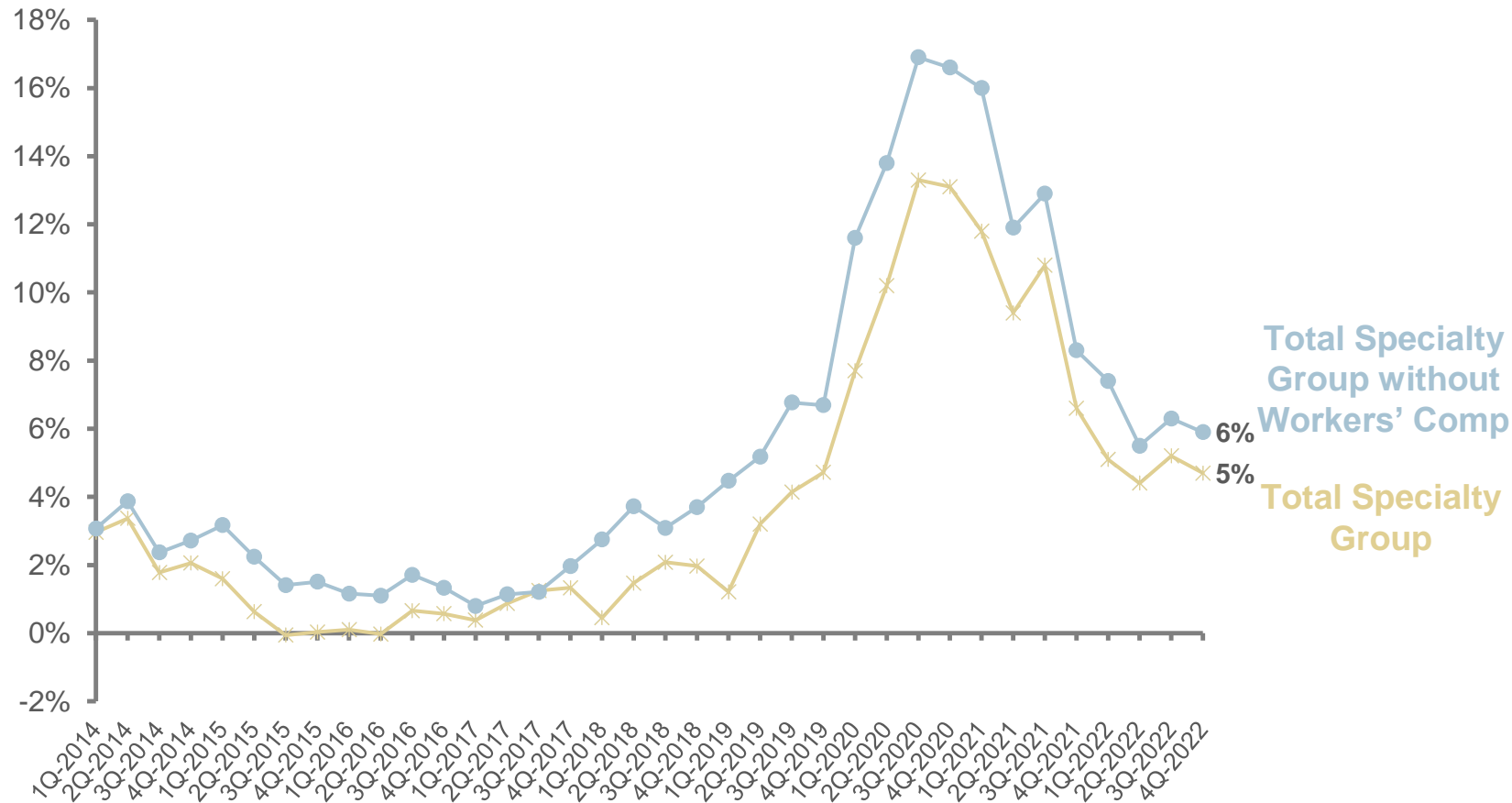
¹ Commercial Lines Industry based on data from A.M. Best's Market Segment Report – February 24, 2022.

² American Financial Group Form 10K filings.

Pretax Property & Casualty Returns



Specialty P&C Pricing Trends



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

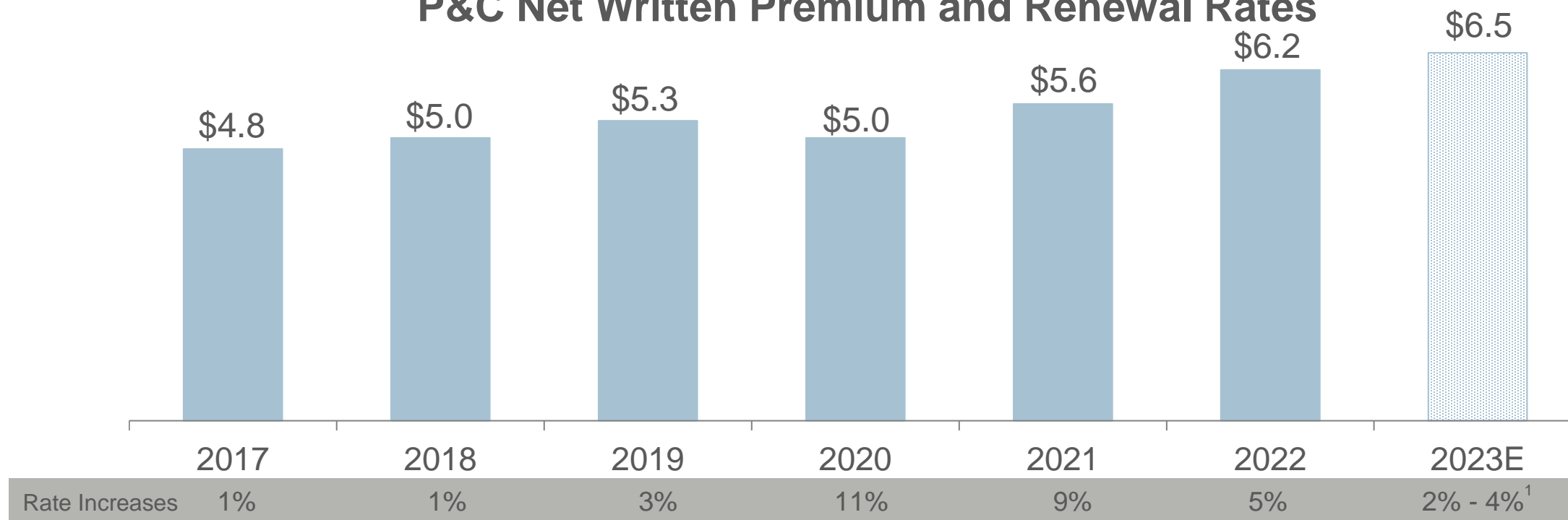
Prospective Loss Ratio Trends:
Total Specialty Group 3%
Specialty Excl WC 5%

For 2023, we expect renewal rates to increase between 2% and 4% in our Specialty P&C operations overall. Excluding workers' compensation, we expect renewal rate increases to be in the range of 3% to 5%.

Specialty Property & Casualty Premium Growth

Dollars in billions

P&C Net Written Premium and Renewal Rates

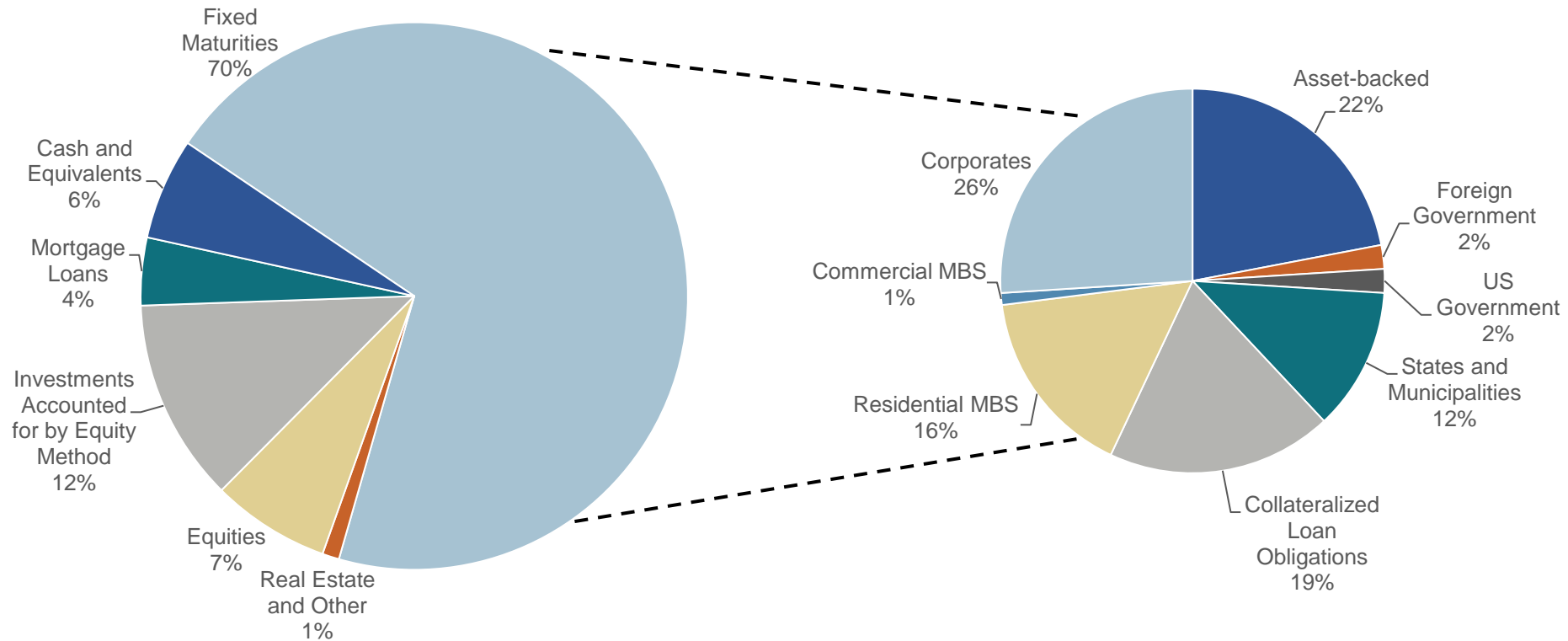


Overall Specialty P&C renewal rates increased approximately 5% in 4Q22. Excluding workers' compensation, renewal rates increased approximately 6%.

AFG Investment Portfolio

As of December 31, 2022

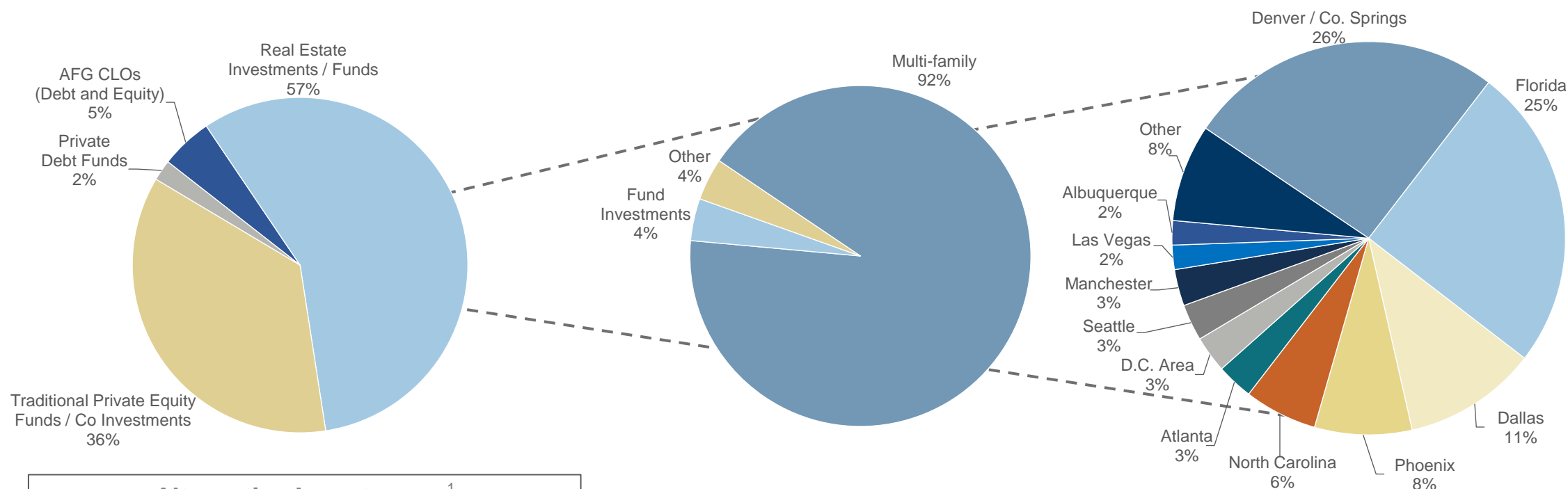
Fixed Maturities Portfolio – 92% investment grade
P&C Fixed Maturities Portfolio – 97% NAIC 1 & 2



Carrying Value – \$14.5 Billion

AFG Investment Portfolio – Alternative Investments

As of December 31, 2022



Alternative Investments¹
Total = \$2.1 Billion
(15% of total investments)

5% annualized return in 4Q22; 13% YTD;
estimated to be approximately 7% for
the full year 2023

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

Investment Portfolio Characteristics

	P&C Portfolio 12/31/22
Approximate Duration – Fixed Maturities including cash & cash equivalents	2.9 years
Annualized yield on fixed maturity securities before investment expenses	
Quarter ended 12/31/2022:	4.15%

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.

Positioning & Outlook

Short Duration – Significant capacity for AFG to take advantage of recent increases in rates. Increased duration of P&C fixed maturity portfolio, including cash and cash equivalents, from approximately 2.0 years at 12/31/2021 to approximately 2.9 years at 12/31/2022.

- Insurance company fixed maturities duration (including cash) remains short relative to historical levels.
- Parent company cash and short duration fixed maturities of approximately \$876 million as of December 31, 2022.

Low Credit Risk – Significant capacity for AFG to take advantage of wider spreads offered by recent volatility in credit markets.

- Given recent rise in interest rates, AFG's current reinvestment rate in its P&C fixed maturity portfolio is approximately 5.5%.

Strong Financial Position

Dollars in millions, except per share data

Capital Management

- Above target levels for all rating agencies
- Excess capital approximately \$1.4 billion at December 31, 2022
- Fourth quarter regular dividends = \$54 million
- Paid special dividend of \$2 per share (\$170 million) in November 2022
- Total capital returned to shareholders in 2022 = \$1.23 billion
- On February 1, 2023, declared a special dividend of \$4.00 per share, payable on February 28, 2023

Long-Term Debt

- No debt maturities until 2030
- No borrowings under \$500 million credit line
- Repurchased approximately \$38 million of Senior Notes during the fourth quarter

Financial Strength Ratings - U.S. Based P&C Insurers (where rated)

- A.M. Best: All companies = A+
- Standard & Poor's: All companies = A+
- Moody's: All companies = A1

	<u>Dec 31, 2022</u>	<u>Dec 31, 2021</u>
Principal amount of long-term debt	\$ 1,521	\$ 1,993
Adjusted shareholders' equity ¹	4,578	4,876
Total adjusted capital	\$ 6,099	\$ 6,869
Ratio of debt to total adjusted capital ²		
Including subordinated debt	24.9%	29.0%
Excluding subordinated debt	13.9%	19.2%
Common shares outstanding (millions)	85.204	84.921
<u>Book value per share:</u>		
Book value per share	\$ 47.56	\$ 59.02
Adjusted ¹	53.73	57.42
Tangible, adjusted ³	49.58	53.26
Parent company cash and investments	\$ 876	\$ 1,857

¹ Excludes net unrealized gains (losses) related to fixed maturity investments.

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 (losses) related to fixed maturity investments.

³ Excludes net unrealized gains (losses) related to fixed maturity investments, goodwill and intangibles.

Intelligent Use of Excess Capital

2023 Capital Management

- \$4.00 per share special dividend to be paid February 28, 2023

2022 Capital Management

- Returned \$1.23 billion of capital to shareholders
- 12.5% increase in regular annual dividend, beginning in October 2022; 17th consecutive annual dividend increase
- Three special dividends totaling \$12.00 per share paid in 2022
- Repurchased \$11 million of AFG common shares
- Excess capital at December 31, 2022 approximately \$1.4 billion
- 7.6 million shares remaining in repurchase authorization as of December 31, 2022

Capital Returned to Shareholders Five Years Ended 12/31/2022 (in millions)

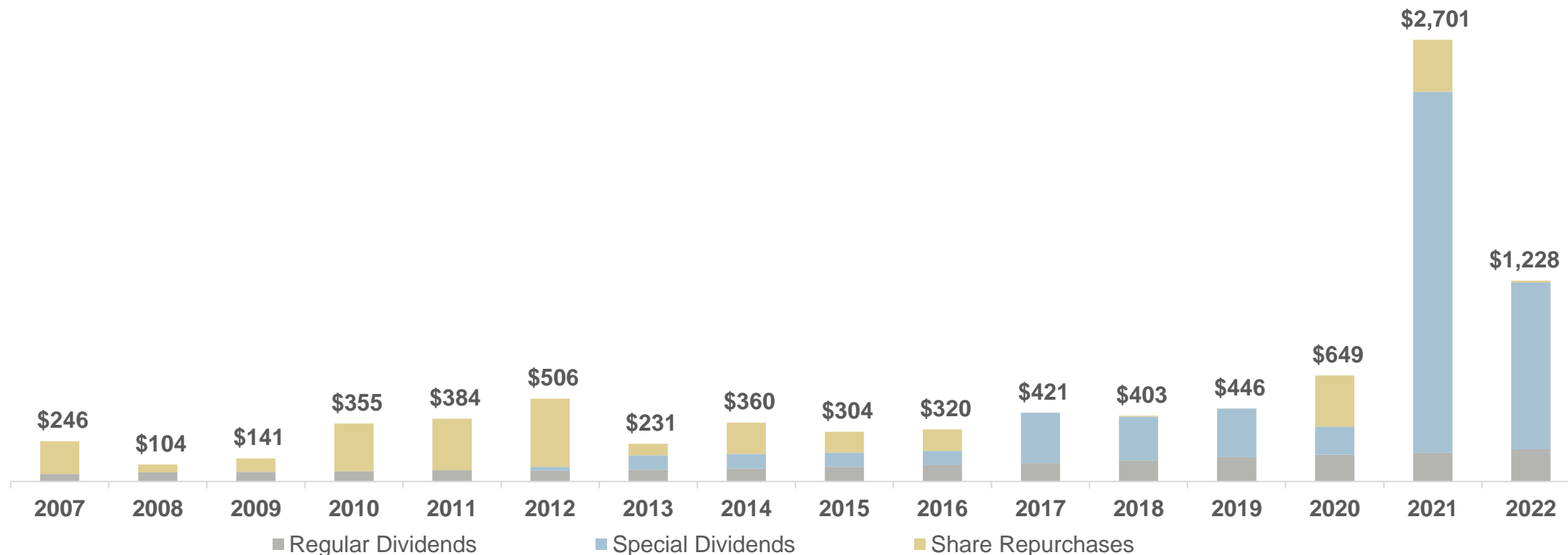
Dividends Paid	\$ 4,778
Repurchases	<u>649</u>
Total	<u><u>\$ 5,427</u></u>



***\$5.4 Billion Returned to
Shareholders***

Balanced Approach to Capital Allocation

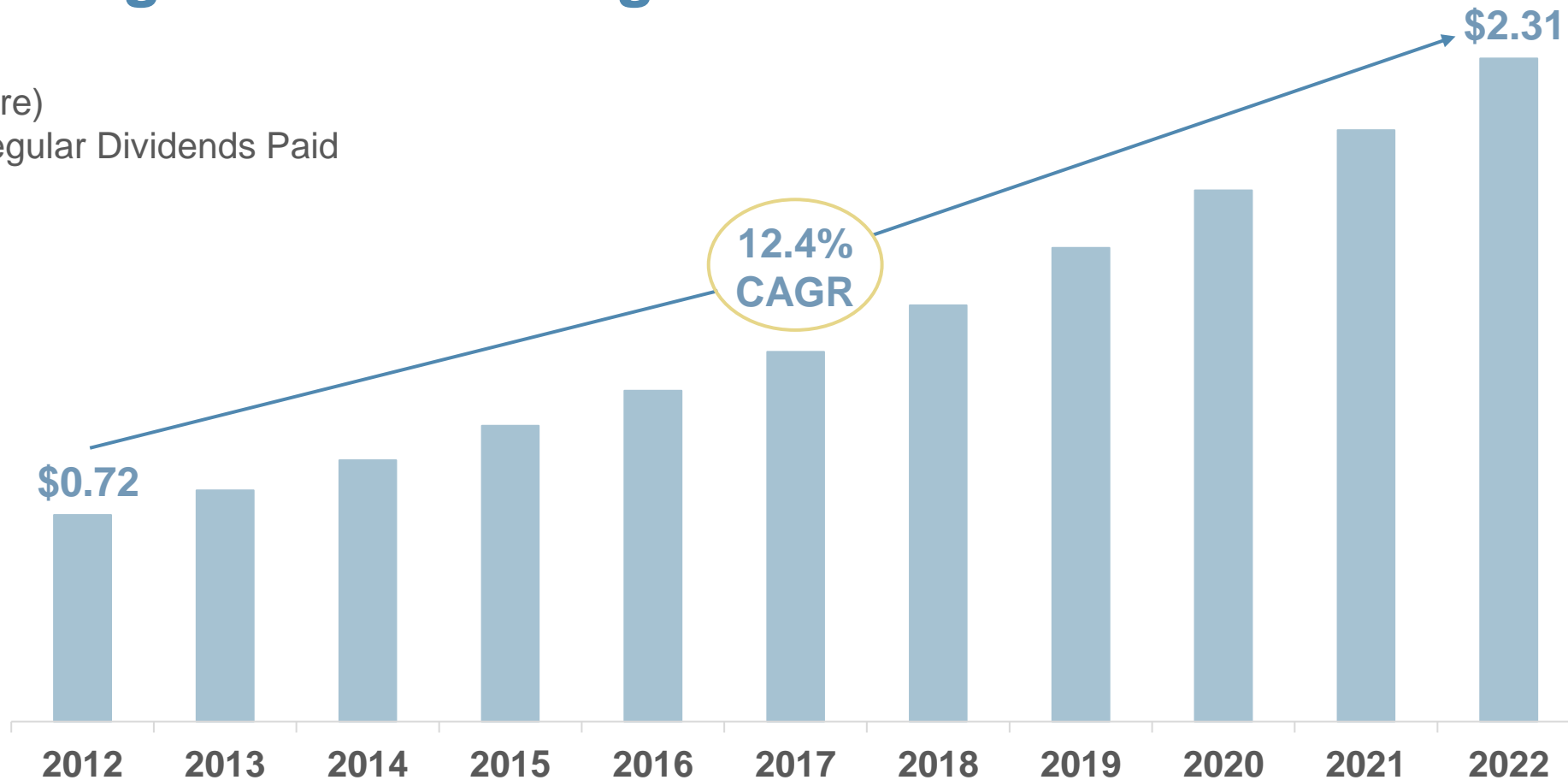
Dollars in millions



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 \$4.00 special dividend declared in February 2023, and the \$12.00 in special dividends paid in 2022, AFG has declared \$58.05 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

Learn more about our corporate responsibility efforts and our Sustainability Accounting Standards Board Report at: AFGinc.com/About-Us/Corporate-Social-Responsibility.



for the *greater* good



2023 Outlook

AFG's core net operating earnings guidance for 2023 established at \$11.00 - \$12.00 per share, a core return on equity of more than 20% at the midpoint¹

	2022 Combined Ratio	2023 Outlook	
		NWP Growth	Combined Ratio
Specialty P&C Group Overall	87.2%	3% – 5%	86% – 88%
<u>Business Groups:</u>			
Property & Transportation	91.7%	1% – 3%	89% – 93%
Specialty Casualty	81.2%	4% – 8%	80% – 84%
<i>Excluding Workers' Comp</i>		6% – 10%	
Specialty Financial	83.7%	4% – 8%	83% – 87%

P&C average renewal rates up 2% to 4% when compared to 2022

¹ Reflects an assumed return on alternative investments of 7% compared to the 13.2% earned in 2022 and an average crop year. At the midpoint of our guidance for 2023, core net operating earnings excluding income from alternative investments would produce year-over-year growth of more than 10% when measured on a comparable basis in 2022.

Appendix

Financial Highlights – 2022

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 Equity:¹
 - AFG Consolidated
- Book Value per Share:
 - Excluding unrealized gains related to fixed maturities
 - Tangible, excluding unrealized gains related to fixed maturities

Twelve Months Ended December 31,

<u>2022</u>	<u>2021</u>
\$ 993	\$ 993
\$ 11.63	\$ 11.59
85.3	85.6
<u>2022</u>	<u>2021</u>
21.2%	18.6%
<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
\$ 53.73	\$ 57.42
\$ 49.58	\$ 53.26

21.2%
Core Operating
Return on Equity

18.5%
Growth in Adj
BVPS + Dividends

¹ Equity excludes AOCI.

Specialty Property & Casualty Businesses

Dollars in millions

	Net Written Premium					
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>% Change</u>	<u>2023E¹</u>	<u>2023E excl. Workers' Comp</u>
Specialty Property & Transportation	\$ 1,887	\$ 2,157	\$ 2,515	17%	1% – 3%	
Specialty Casualty	\$ 2,304	\$ 2,540	\$ 2,728	7%	4% – 8%	6% – 10%
Specialty Financial	\$ 604	\$ 658	\$ 711	8%	4% – 8%	
Other Specialty	<u>\$ 197</u>	<u>\$ 218</u>	<u>\$ 252</u>	<u>16%</u>	n/a	
Total Specialty	<u>\$ 4,992</u>	<u>\$ 5,573</u>	<u>\$ 6,206</u>	<u>11%</u>	3% – 5%	3% – 7%

¹ 2023E based on guidance issued February 2, 2023.

Specialty Property & Casualty Businesses

	GAAP Combined Ratio			
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023E¹</u>
Specialty Property & Transportation	90.4%	87.1%	91.7%	89% – 93%
Specialty Casualty	90.0%	84.3%	81.2%	80% – 84%
Specialty Financial	91.8%	85.1%	83.7%	83% – 87%
Total Specialty	91.3%	86.4%	87.2%	86% – 88%

¹ 2023E based on guidance issued February 2, 2023.

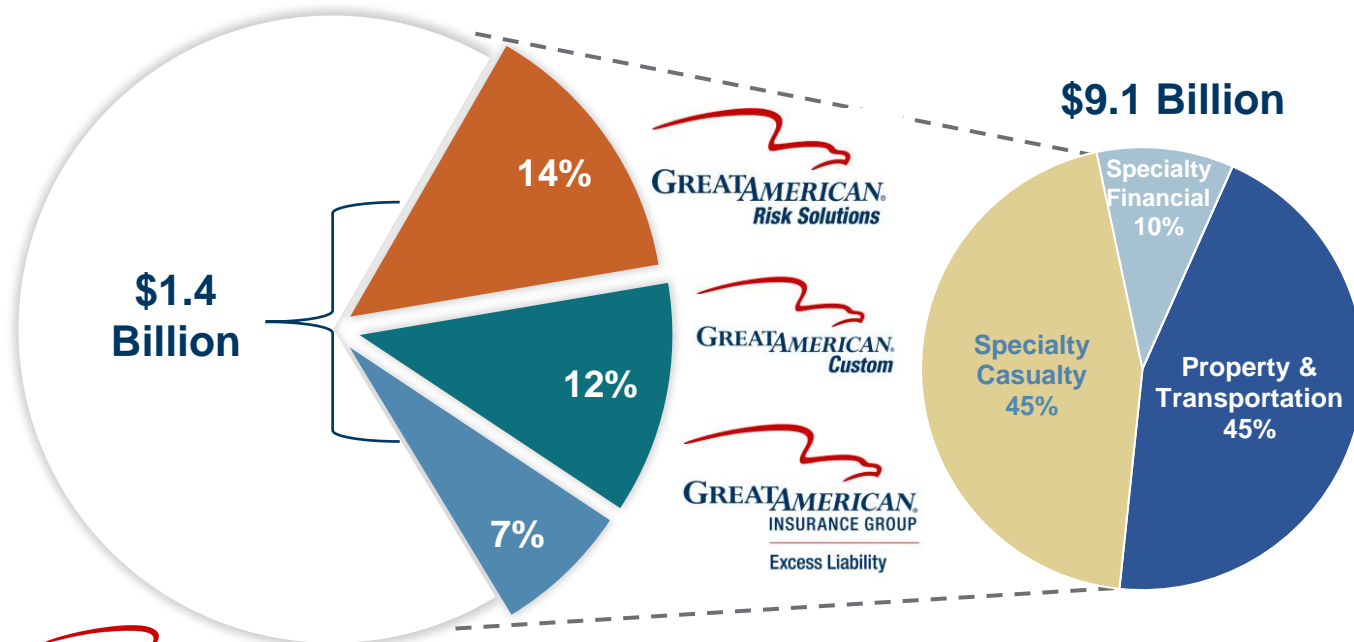
Business Spotlight: E&S, Umbrella and Excess Liability Businesses

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 1000 and Fortune 2000 risks through wholesale and large retail brokers; also writes primary risks and professional liability coverages.

Excess Liability writes lead and excess umbrella on middle-market risks, primarily through retail agents.

GROSS WRITTEN PREMIUMS – FULL YEAR 2022



	Great American Risk Solutions	Great American Custom	Excess Liability
Products	<ul style="list-style-type: none"> Product Liability Construction Healthcare Risk Management Underwriting Product Recall Binding Authority Property Programs 	<ul style="list-style-type: none"> Excess Casualty Primary Casualty Miscellaneous E&O Focus on Fortune 1000 and 2000 accounts 	<ul style="list-style-type: none"> Lead Umbrella Excess Umbrella Excess Liability Focus on middle-market risks

E&S, Umbrella and Excess Liability Businesses make up **33%** of Specialty Casualty Group GWP and **15%** of Total P&C Specialty GWP

Loss Ratio Trend as an Indicator of Pricing Adequacy

In this example, a 1.8% loss ratio trend indicates that rate increases of 1.8% are needed in order to maintain the current level of profitability as measured by the combined ratio, assuming the expense ratio and other factors are held constant.

Assumptions: \$100M book of business with a 55% loss ratio and an 85% COR; 3.5% increase in insured values and a 6% loss cost trend.

\$ in thousands	Current PY Results		Loss Cost & Exposure Trend			Proof of Needed Rate		
	(\$000)	COR	Change	(\$000)	COR	Change	(\$000)	COR
Premiums	\$ 100,000		3.5%	\$ 103,500		1.8%	\$ 105,363	
Loss & LAE	55,000	55%	6.0%	58,300	56%		58,300	55%
Underwriting Expenses	30,000	30%		31,050	30%		31,609	30%
U/W Profit	\$ 15,000	85%		\$ 14,150	86%		\$ 15,454	85%

Loss ratio trend = $56\% / 55\% = +1.8\%$

Innovation Capabilities and Technology

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



38
Insurtech
collaborations

