



Specialty Property and Casualty Insurance

Morgan Stanley US Financials, Payments & CRE Conference

June 13, 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, 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.

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

Superior Underwriting
Talent

7.4%

*Points of COR outperformance
vs. peers over 10-year period
ended 12/31/2022*

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

Top Tier Specialty Property & Casualty Insurer



Our values form the foundation of our business, shape our priorities, and set our expectations for how we conduct our business, service our customers and interact with each other.

Our Core Values

for all the *great* you do®

Specialization
Entrepreneurial Spirit
Accountability

OUR
FOUNDATION

Integrity
Discipline
Respect for Others

OUR
EXPECTATIONS

Customer Focus
Clear & Open
Communication
Family & Community

OUR
PRIORITIES

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.**"

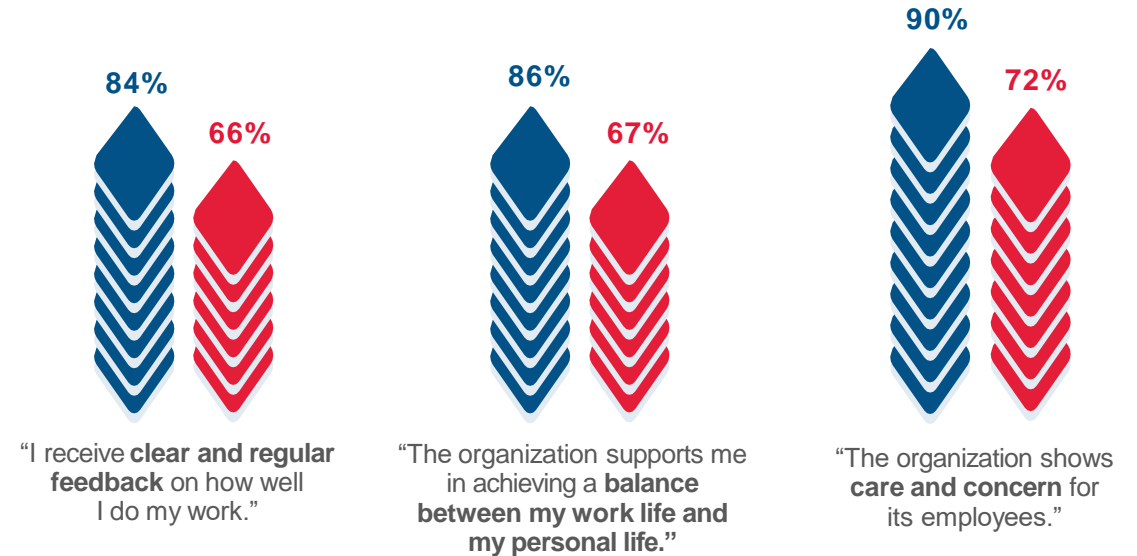


"I am **treated with respect** as an individual."



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

HOW WE STACK UP

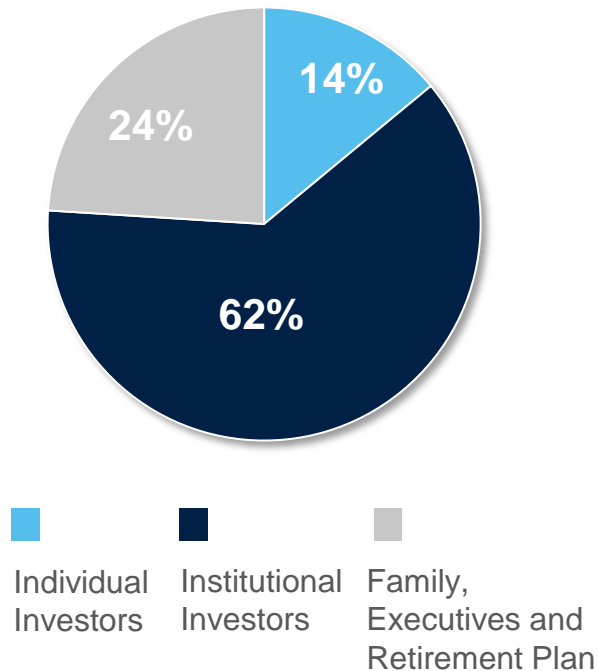


OUR COMPANY ■ HIGH PERFORMING COMPANIES*

* 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).

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

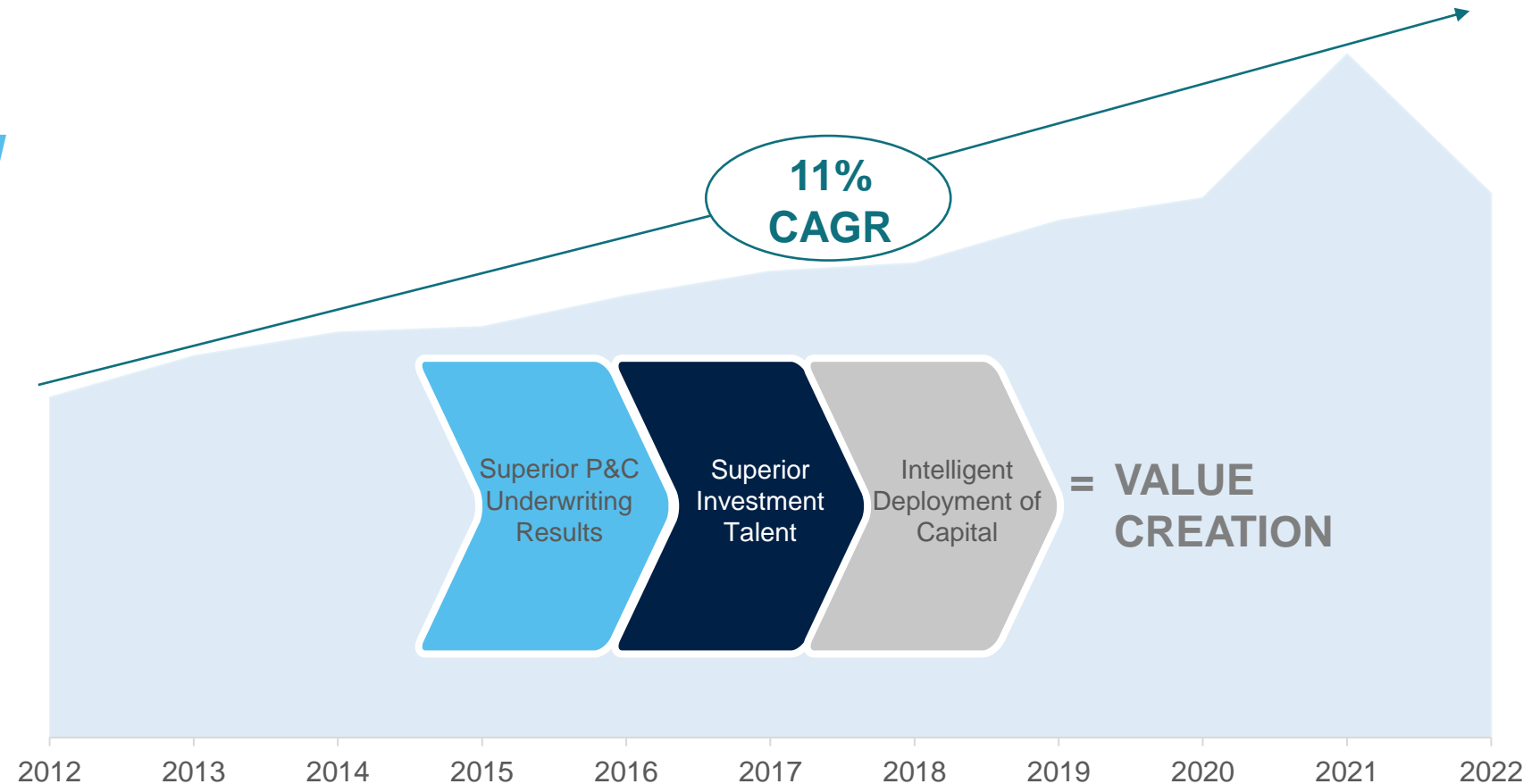


- A leader in providing risk sharing alternatives to the passenger transportation, moving & storage and trucking specialty transportation industries
- Through collaboration and specialized knowledge, we work with a variety of agency and group risk sharing programs in a wide range of industry segments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

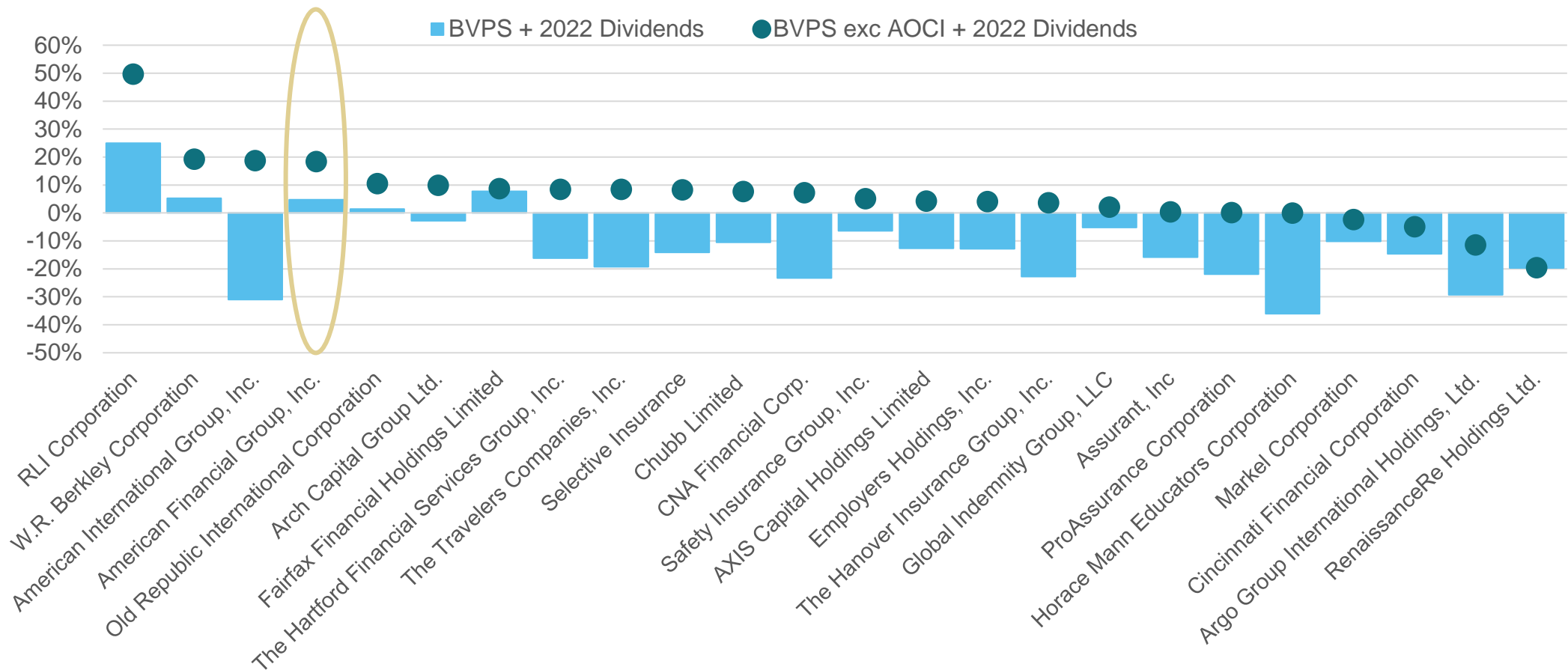
10 YEAR VIEW OF TOTAL VALUE CREATION

Growth in Adjusted
BVPS + Dividends

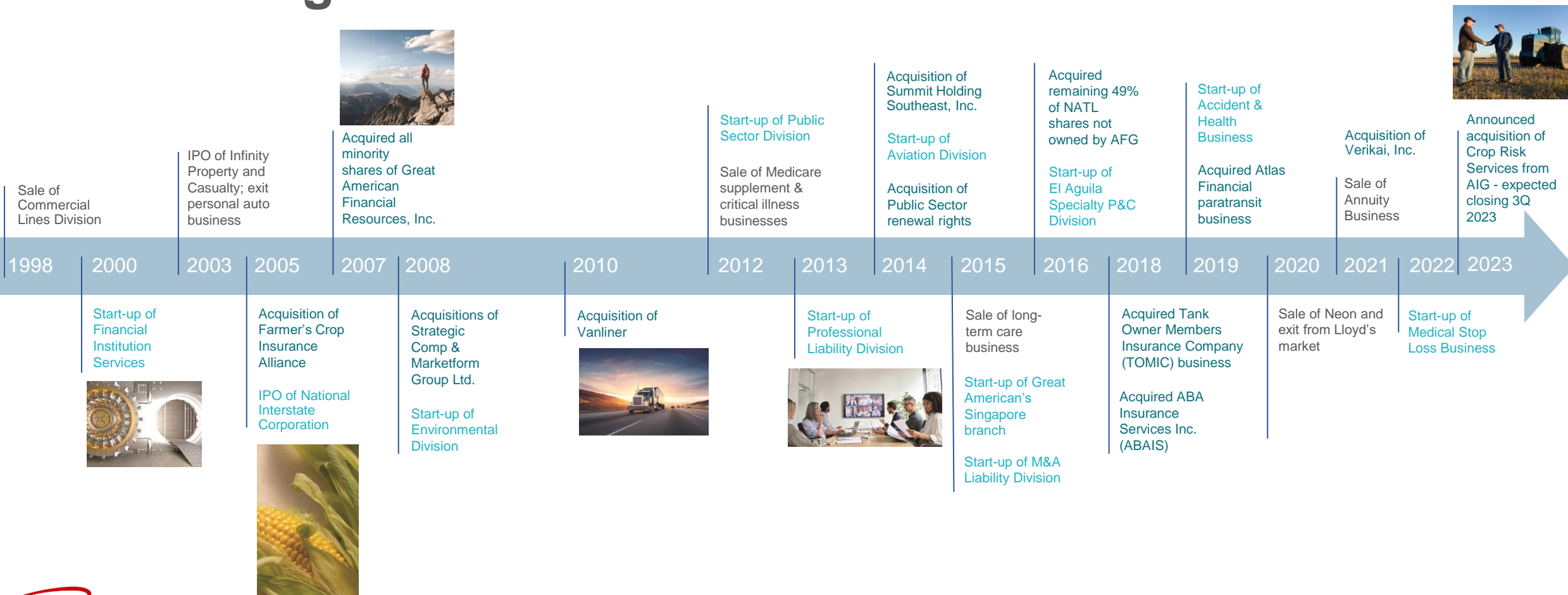


Adjusted Book Value excludes unrealized gains and losses related to fixed maturities.

Total Value Creation: Twelve Months Ended December 31, 2022



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

Cyber Risk

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 115 or more years

3

on both lists

1

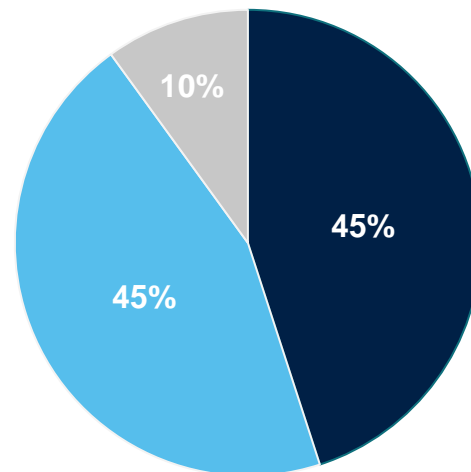
Great American Insurance Company is **1** of the **three**



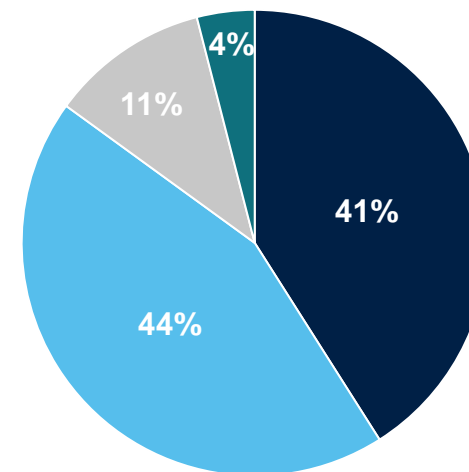
Specialty Property & Casualty Premium

Low correlation • Lower relative coastal exposure

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



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



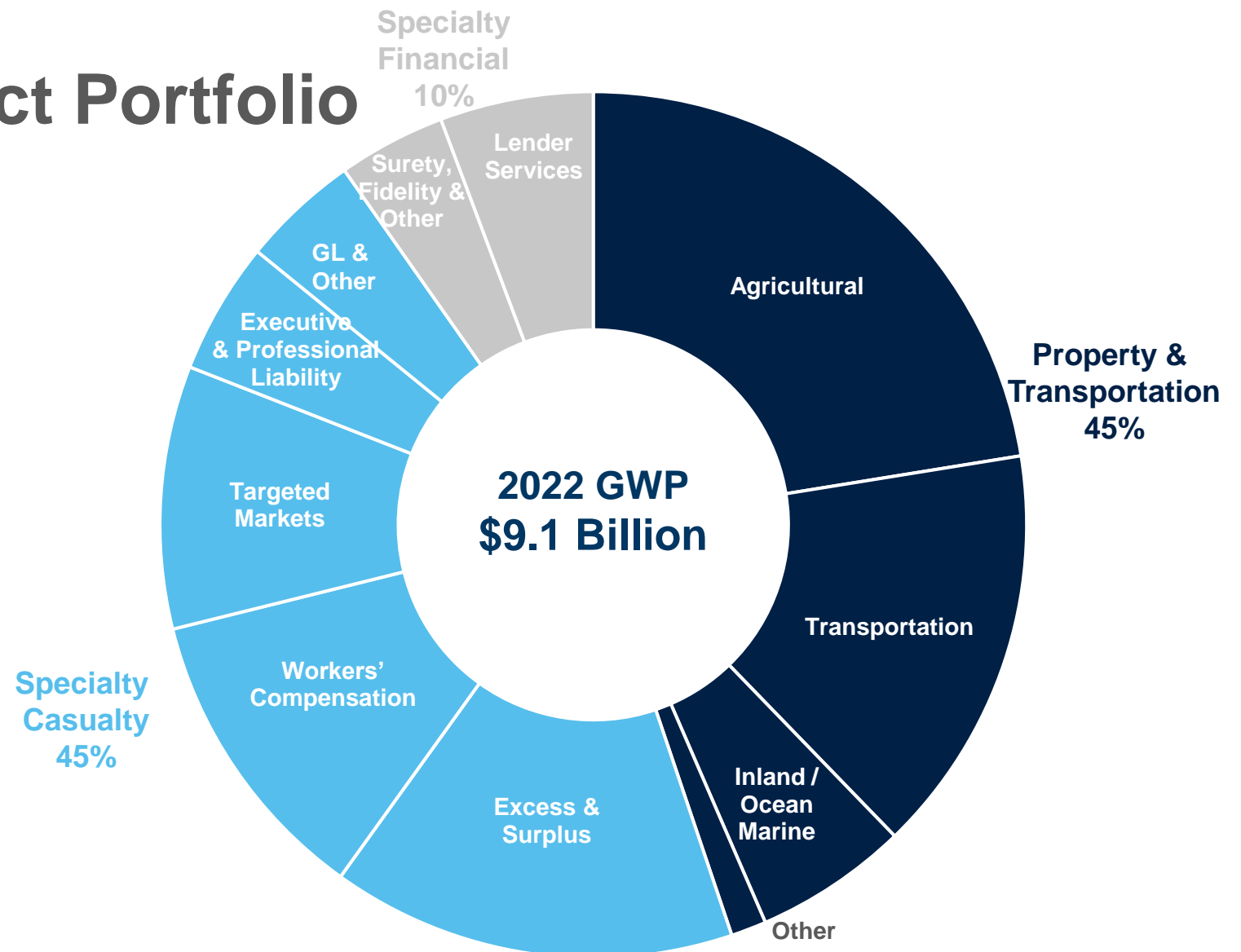
- Property & Transportation
- Specialty Casualty
- Specialty Financial
- Other Specialty¹

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

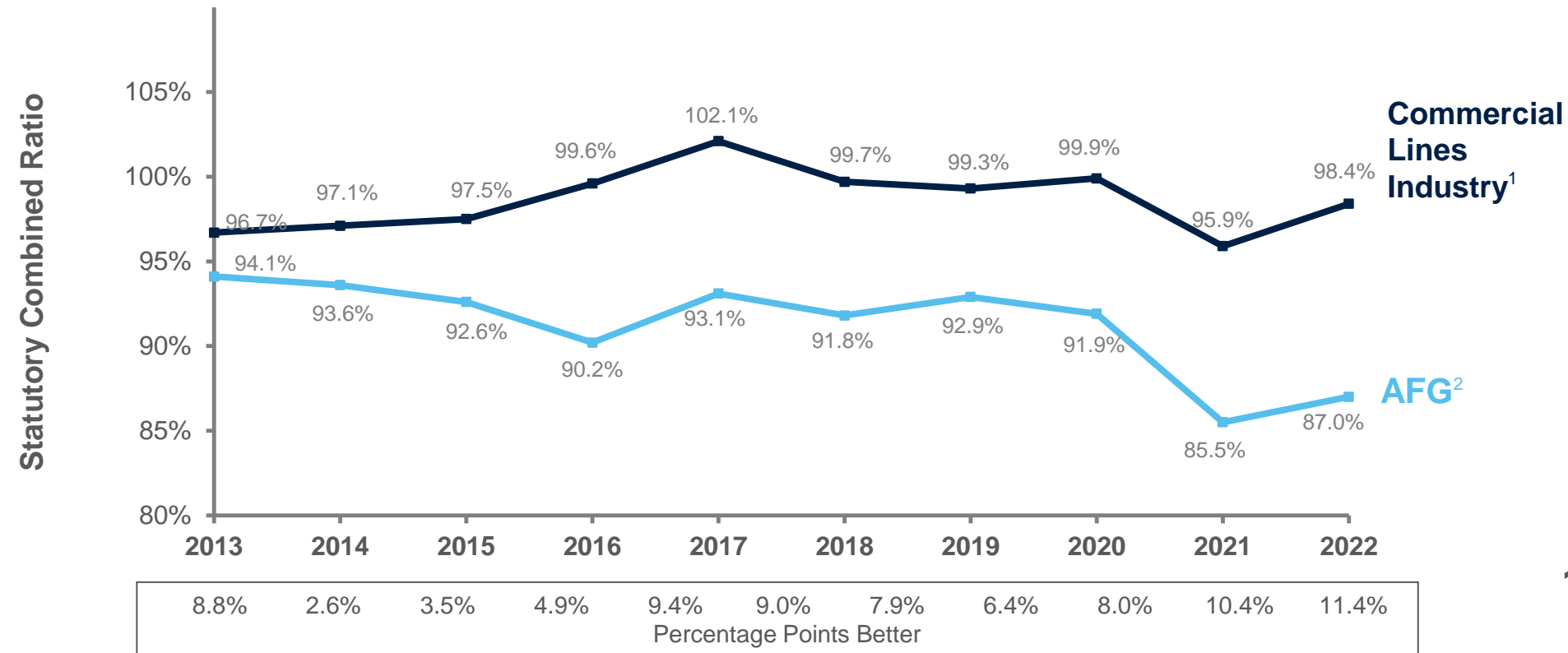
¹ Includes an internal reinsurance facility.

Diversified Product Portfolio

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



Superior Underwriting Talent

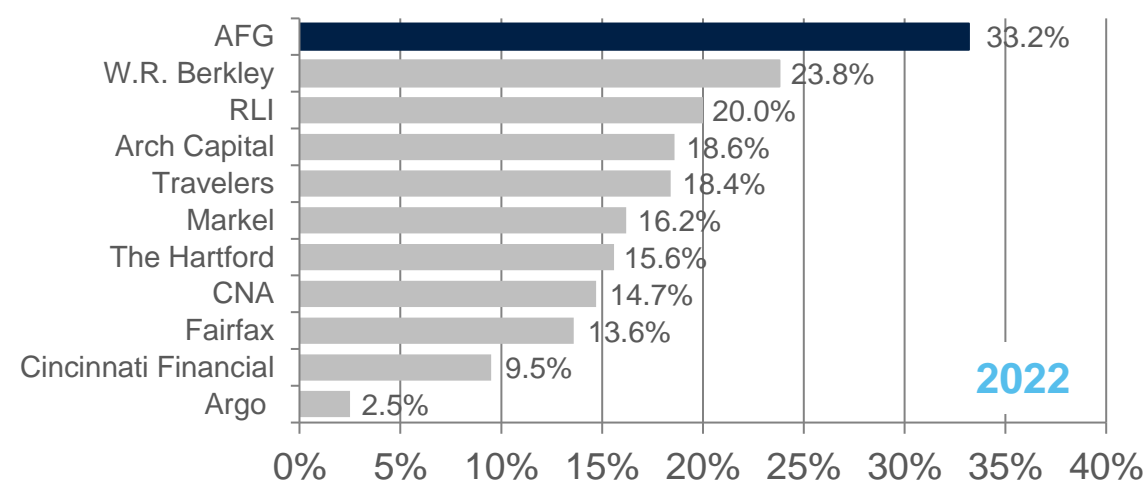
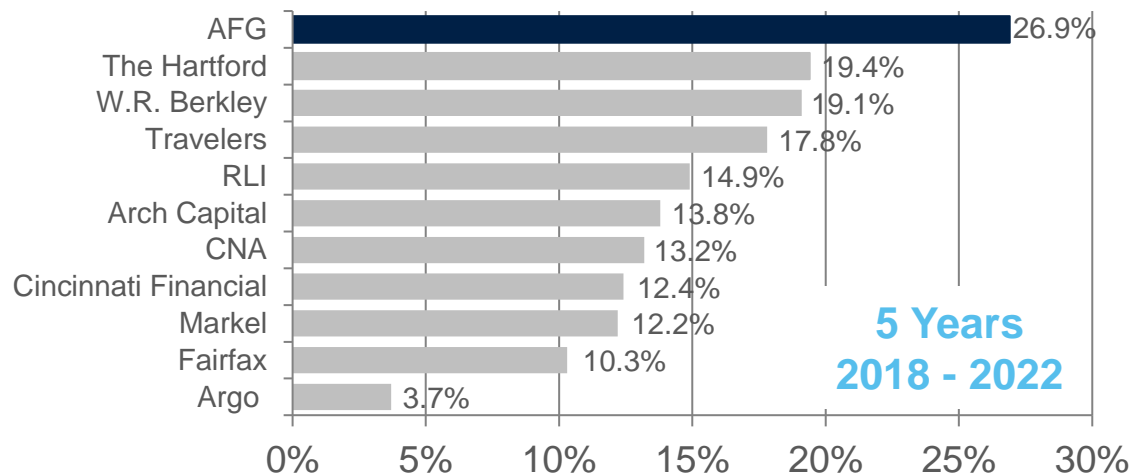
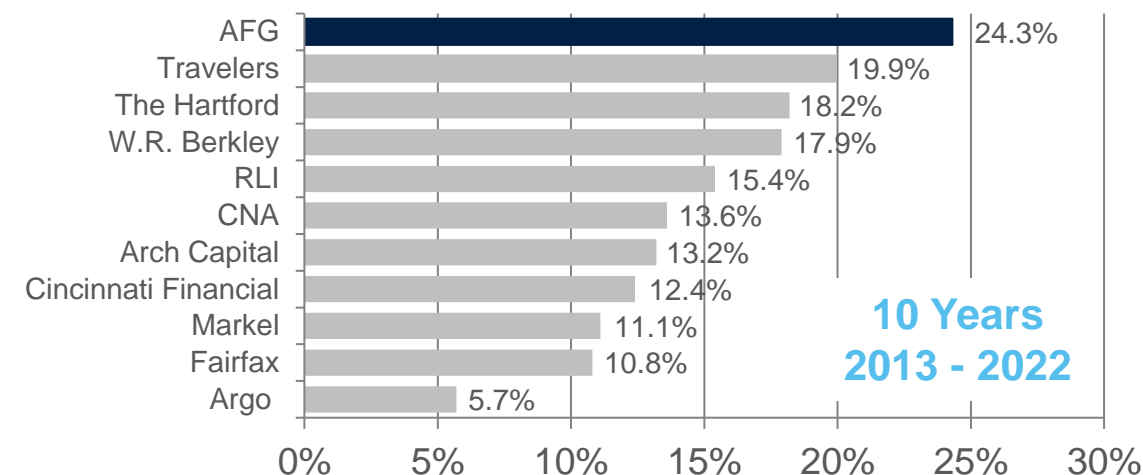
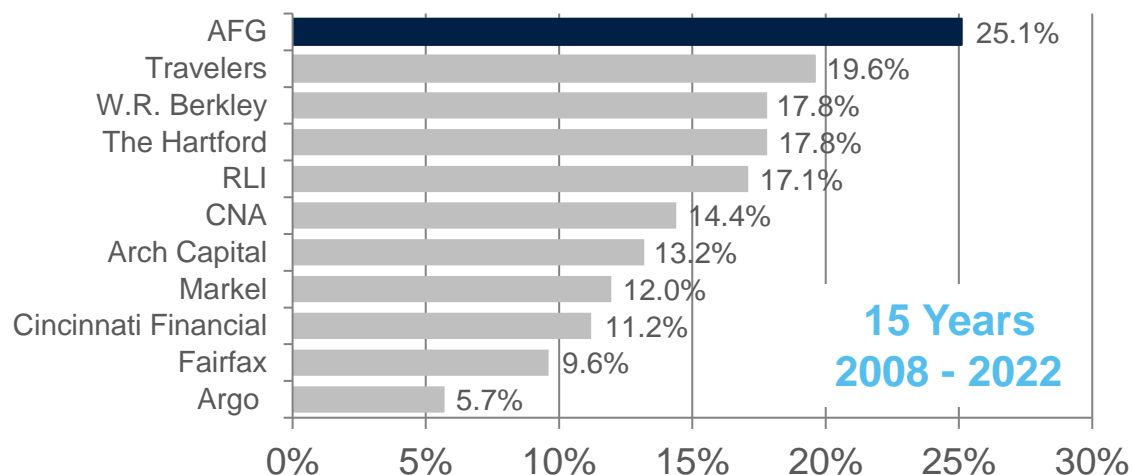


7.4%
Points
Better
Over the
10-Year
Period
Ended
12/31/2022

¹ Commercial Lines Industry based on data from AM Best's Market Segment Report – March 7, 2023.

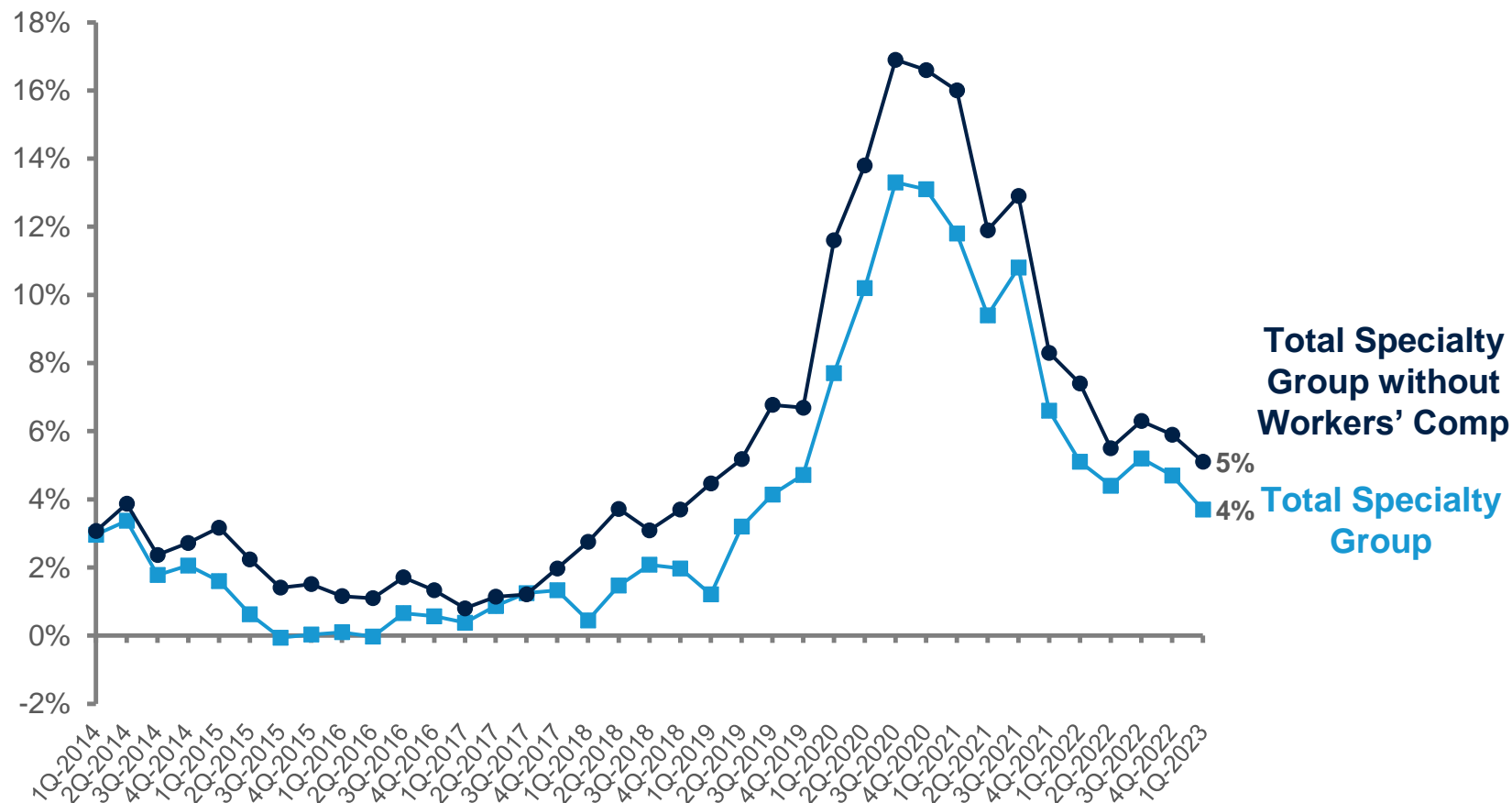
² American Financial Group Form 10K filings.

Pretax Property & Casualty Returns



Source: Dowling & Partners. Pretax P&C Returns based on P&C Statutory Surplus.
Arch, Argo and Fairfax calculations based on average common shareholders' equity.

Specialty P&C Pricing Trends



The impact of cumulative rate increases over time has generally enabled us to stay ahead of prospective loss ratio trends and helps us to feel confident in the adequacy of our reserves.

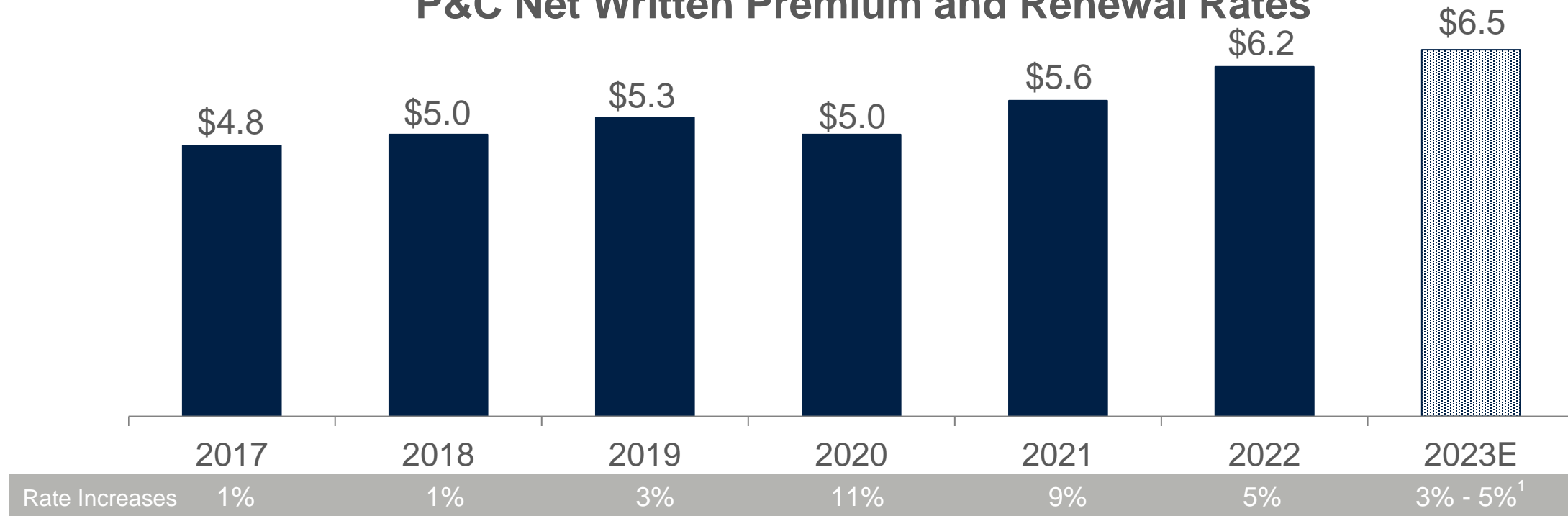
**Prospective
Loss Ratio Trends:**
Total Specialty Group 3%
Specialty Excl WC 5%

For 2023, we expect renewal rates to increase between 3% and 5% in our Specialty P&C operations overall. Excluding workers' compensation, we expect renewal rate increases to be in the range of 4% to 6%.

Specialty Property & Casualty Premium Growth

Dollars in billions

P&C Net Written Premium and Renewal Rates

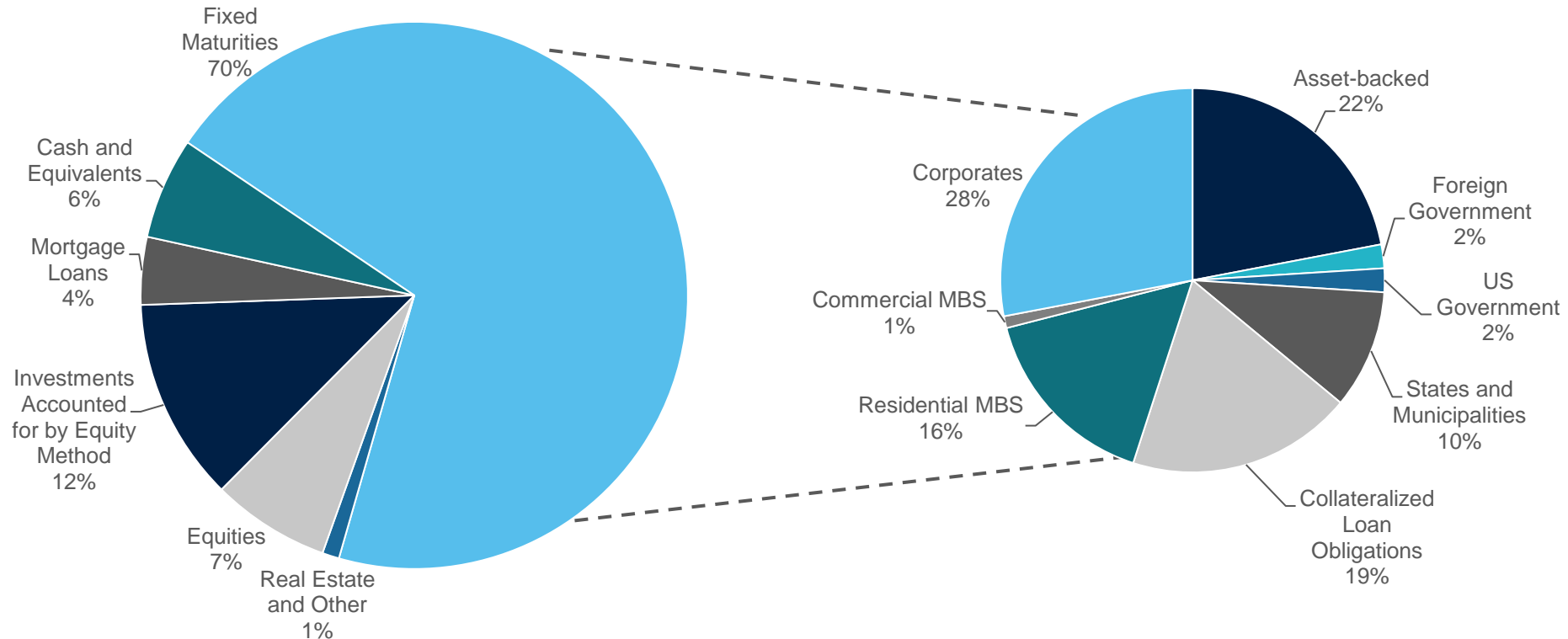


Overall Specialty P&C renewal rates increased approximately 4% in 1Q23. Excluding workers' compensation, renewal rates increased approximately 5%.

AFG Investment Portfolio

As of March 31, 2023

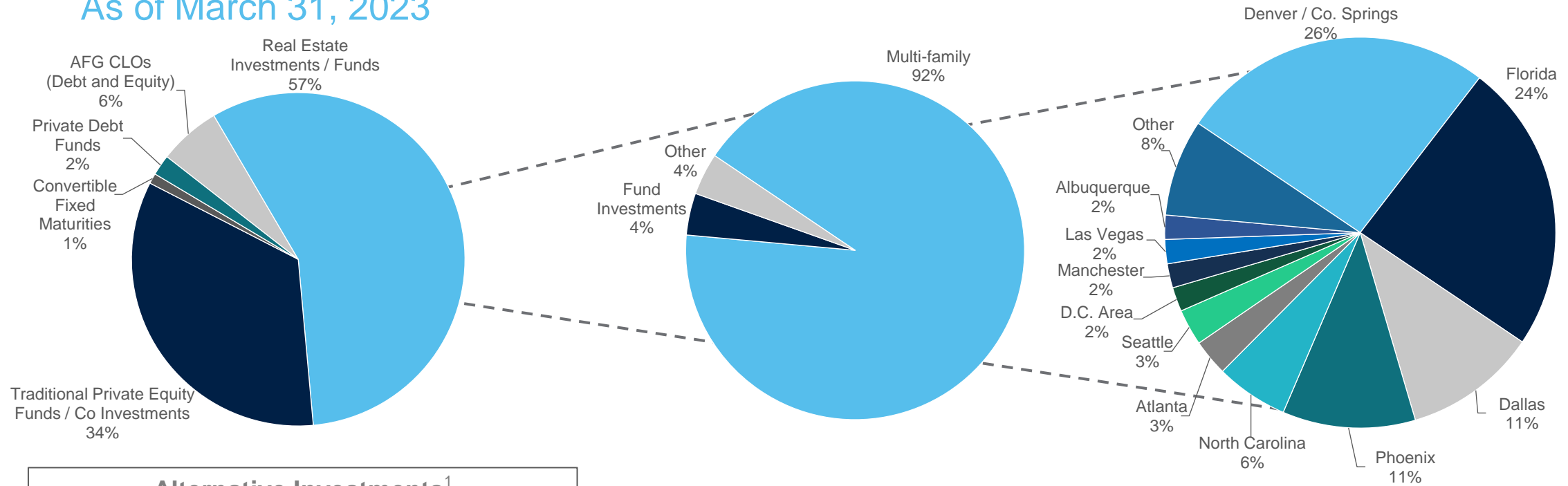
Fixed Maturities Portfolio – 93% investment grade
P&C Fixed Maturities Portfolio – 96% NAIC 1 & 2



Carrying Value – \$14.5 Billion

AFG Investment Portfolio – Alternative Investments

As of March 31, 2023



Alternative Investments¹

Total = \$2.3 Billion
(16% of total investments)

14% annualized return in 1Q23;
estimated to be approximately 8% 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 3/31/23
Approximate Duration – Fixed Maturities including cash & cash equivalents	3.0 years
Annualized yield on fixed maturity securities before investment expenses	
Quarter ended 3/31/2023:	4.40%

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 – Increased duration of P&C fixed maturity portfolio in the higher interest rate environment, including cash and cash equivalents, from approximately 2.0 years at 12/31/2021 to approximately 3.0 years at 3/31/2023.

- Insurance company fixed maturities duration (including cash) remains short relative to liability duration.
- Parent company cash and short duration fixed maturities of approximately \$672 million as of March 31, 2023.

Low Credit Risk – Significant capacity for AFG to take advantage of wider spreads offered in times of market disruption.

- AFG's current reinvestment rate in its P&C fixed maturity portfolio is approximately 5%.

Limited Exposure to Banking Industry

As of March 31, 2023 – Dollars in millions

	<u>Fair Value</u>	<u>% of Inv. Portfolio</u>	<u>Additional Information</u>	<u>Investor Supplement Page</u>
Fixed Maturities – Banking Corporate Securities	\$ 350	2.4%	Average NAIC rating 1.6	23
Equity Securities – Banking Perpetual Preferreds	219	1.5%	Average NAIC rating 2.0	n/a
Asset Backed Securities (TruPS)	212	1.5%	100% rated NAIC 1	25
Equity Securities – Banking Common Stock and Alt. Inv.	43	0.3%		n/a
	<u>\$ 824</u>	<u>5.7%</u>		

Modest Exposure to Office Commercial Real Estate

As of March 31, 2023 – Dollars in millions

	Fair Value	% of Inv. Portfolio	Additional Information	Investor Supplement Page
Direct Mortgage Loans - Office	\$ 58	0.4%		27
Investment accounted for using equity method (Real Estate Funds/Investments) - Office	15	0.1%		27
Real Estate - Office Building	9	0.1%		27
Total Direct Office Commercial Real Estate Exposure	\$ 82	0.6%		
Commercial Real Estate Asset Backed Securities	\$ 453	3.1%	98% rated AAA; 2% rated AA (Office only represents 9% of underlying exposure)	25
CMBS	78	0.5%	96% rated NAIC 1; 4% rated NAIC 3 (Office only represents 14% of underlying exposure)	21
Corporate Securities – REITs	139	1.0%	39% rated NAIC 1; 61% rated NAIC 2 (Office only represents 5% of underlying exposure)	23
Fixed Maturities with Minimal Office Exposure	\$ 670	4.6%		

Strong Financial Position

As of March 31, 2023

Capital Management

- Above target levels for all rating agencies
- Excess capital approximately \$1.0 billion at March 31, 2023
- First quarter regular dividends = \$54 million
- Paid special dividend of \$4 per share (\$340 million) in February 2023
- Repurchased 199,762 shares for approximately \$24 million during the first quarter

Long-Term Debt

- No debt maturities until 2030
- No borrowings under \$500 million credit line
- Repurchased approximately \$18 million of Senior Notes during the first 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>Mar 31, 2023</u>	<u>Dec 31, 2022</u>
Principal amount of long-term debt	\$ 1,503	\$ 1,521
Adjusted shareholders' equity ¹	4,375	4,578
Total adjusted capital	\$ 5,878	\$ 6,099
Ratio of debt to total adjusted capital ²		
Including subordinated debt	25.6%	24.9%
Excluding subordinated debt	14.1%	13.9%
Common shares outstanding (millions)	85.172	85.204
<u>Book value per share:</u>		
Book value per share	\$ 46.27	\$ 47.56
Adjusted ¹	51.37	53.73
Tangible, adjusted ³	47.25	49.58
Parent company cash and investments	\$ 672	\$ 876

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 paid in February 2023
- \$24 million in share repurchases in 1Q23
- Excess capital at March 31, 2023 approximately \$1.0 billion
- 7.4 million shares remaining in repurchase authorization as of March 31, 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

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

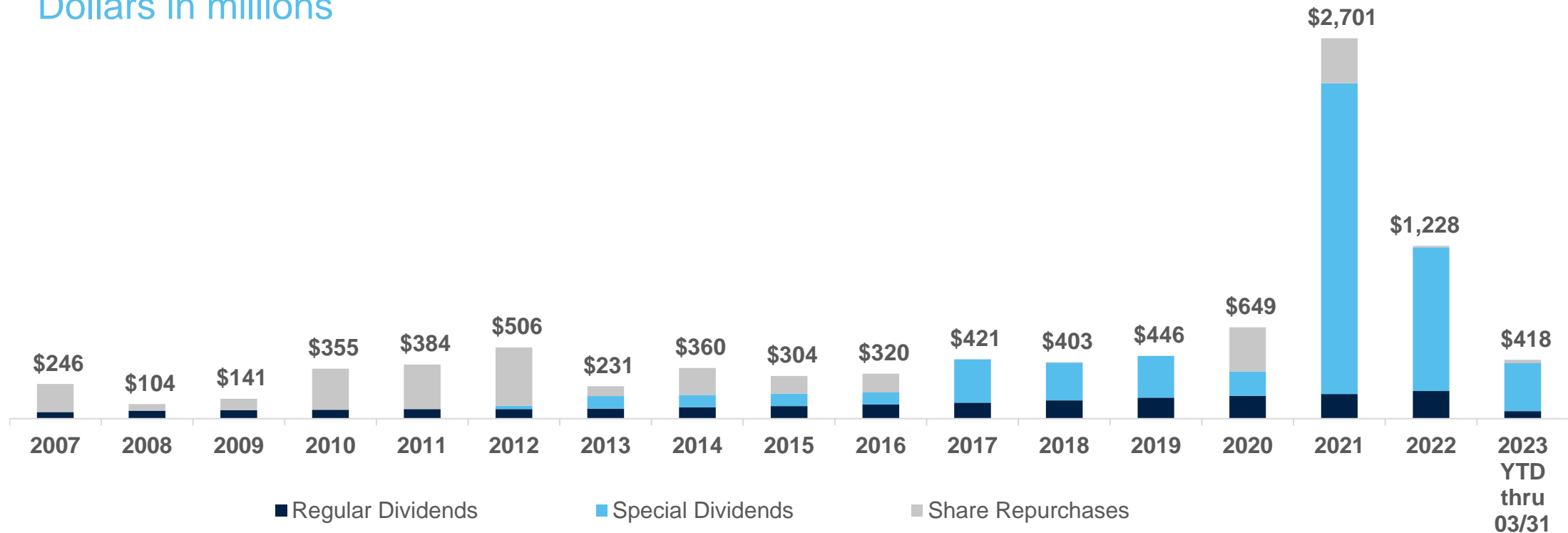
Dividends Paid	\$ 4,778
Repurchases	<u>649</u>
Total	<u><u>\$ 5,427</u></u>



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

Balanced Approach to Capital Allocation

Dollars in millions

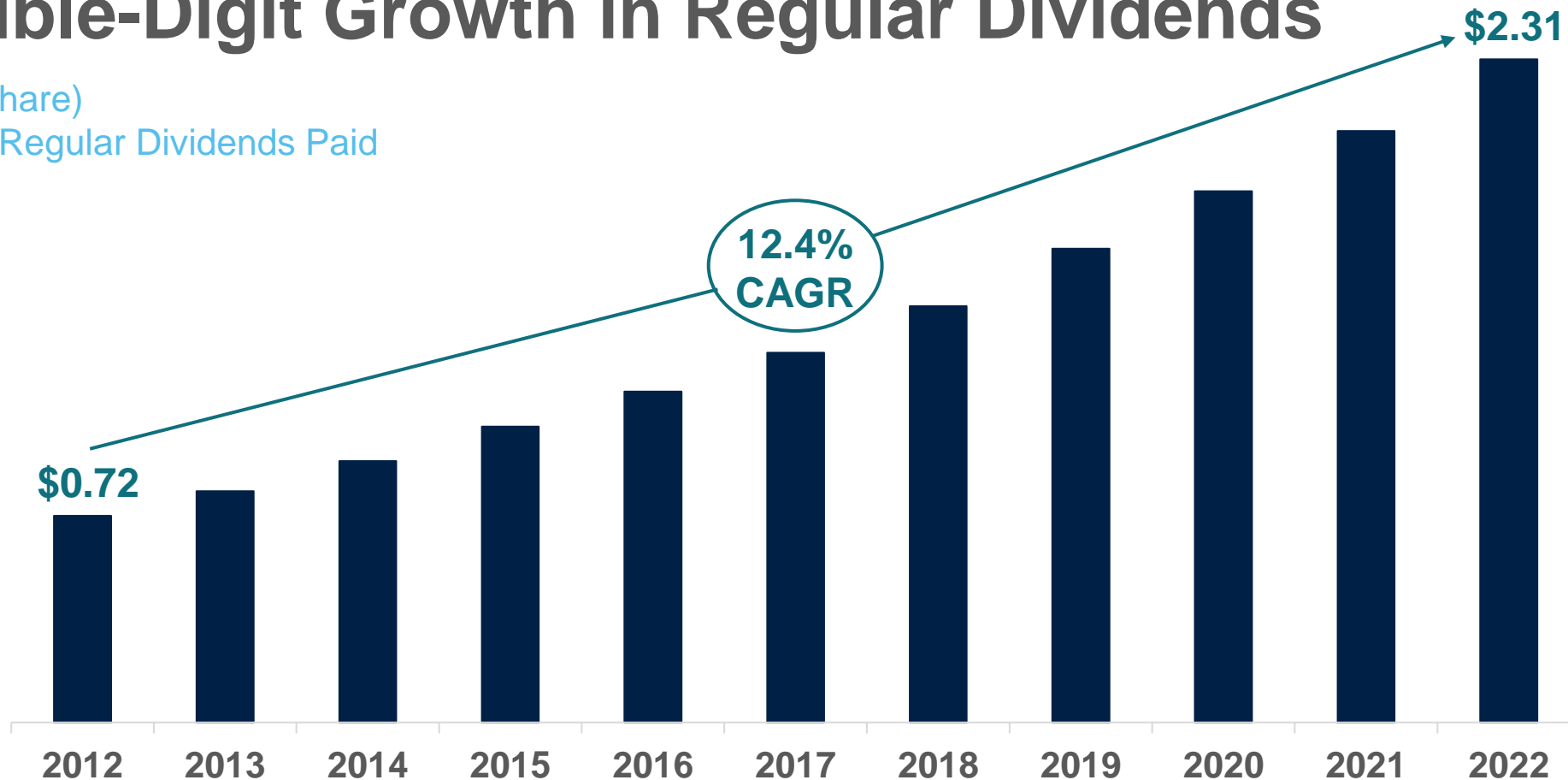


Between years 2009 – 2012, AFG repurchased **33.7 million** shares at a weighted average price of **approximately 90.5% of adjusted book value** (*book value per share excluding appropriated retained earnings and net unrealized gains (losses) related to fixed maturities*).

Double-Digit Growth in Regular Dividends

(\$ per share)

Annual Regular Dividends Paid



Including the \$4.00 special dividend paid in February 2023, and the \$12.00 in special dividends paid in 2022, AFG has paid \$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 2023 core net operating earnings guidance of \$11.00 - \$12.00 per share, a core return on equity of more than 20% at the midpoint¹

	Updated Guidance ¹		February Guidance		2022 Actual
	NWP Growth	Combined Ratio	NWP Growth	Combined Ratio	
Specialty P&C Group Overall	3% – 6%	87% – 89%	3% – 5%	86% – 88%	87.2%
Business Groups:					
Property & Transportation	0% – 2%	90% – 93%	1% – 3%	89% – 93%	91.7%
Specialty Casualty	5% – 9%	82% – 86%	4% – 8%	80% – 84%	81.2%
Excluding Workers' Comp	7% – 11%		6% – 10%		
Specialty Financial	6% – 10%	85% – 89%	4% – 8%	83% – 87%	83.7%

P&C average renewal rates up 3% to 5% when compared to 2022

¹ Reflects an assumed return on alternative investments of 8%, an increase from the 7% return included in AFG's February guidance. This compares to 13.2% earned in 2022. This guidance also assumes an average crop year.

Appendix

Financial Highlights – First Quarter 2023

Dollars in millions, except per share data

	Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
• Results of Operations:		
– Core net operating earnings	\$ 247	\$ 303
– Core net operating earnings per share	\$ 2.89	\$ 3.56
– Average number of diluted shares	85.4	85.2
	March 31,	Dec. 31,
	<u>2023</u>	<u>2022</u>
• Book Value per Share:		
– Excluding unrealized gains related to fixed maturities	\$ 51.37	\$ 53.73
– Tangible, excluding unrealized gains related to fixed maturities	\$ 47.25	\$ 49.58
• Capital Adequacy, Financial Condition and Liquidity:		
– Maintained capital at levels that support operations; in excess of amounts required for rating levels		
– Excess capital of approximately \$1.0 billion at March 31, 2023, including parent company cash and investments of approximately \$672 million		

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,

2022 2021

\$ 993 \$ 993

\$ 11.63 \$ 11.59

85.3 85.6

2022 2021

21.2% 18.6%

Dec. 31,
2022

Dec. 31,
2021

\$ 53.73 \$ 57.42

\$ 49.58 \$ 53.26

21.2%

**Core Operating
Return on Equity**

18.5%

**Growth in Adj
BVPS + Dividends**

Specialty Property & Casualty Businesses

Dollars in millions

	Net Written Premium					2023E excl. Workers' Comp
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>% Change</u>	<u>2023E¹</u>	
Specialty Property & Transportation	\$ 1,887	\$ 2,157	\$ 2,515	17%	0% – 2%	
Specialty Casualty	\$ 2,304	\$ 2,540	\$ 2,728	7%	5% – 9%	7% – 11%
Specialty Financial	\$ 604	\$ 658	\$ 711	8%	6% – 10%	
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% – 6%	3% – 7%

¹ 2023E based on guidance issued May 3, 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%	90% – 93%
Specialty Casualty	90.0%	84.3%	81.2%	82% – 86%
Specialty Financial	91.8%	85.1%	83.7%	85% – 89%
Total Specialty	91.3%	86.4%	87.2%	87% – 89%

¹ 2023E based on guidance issued May 3, 2023.

Acquisition of Crop Risk Services (CRS)

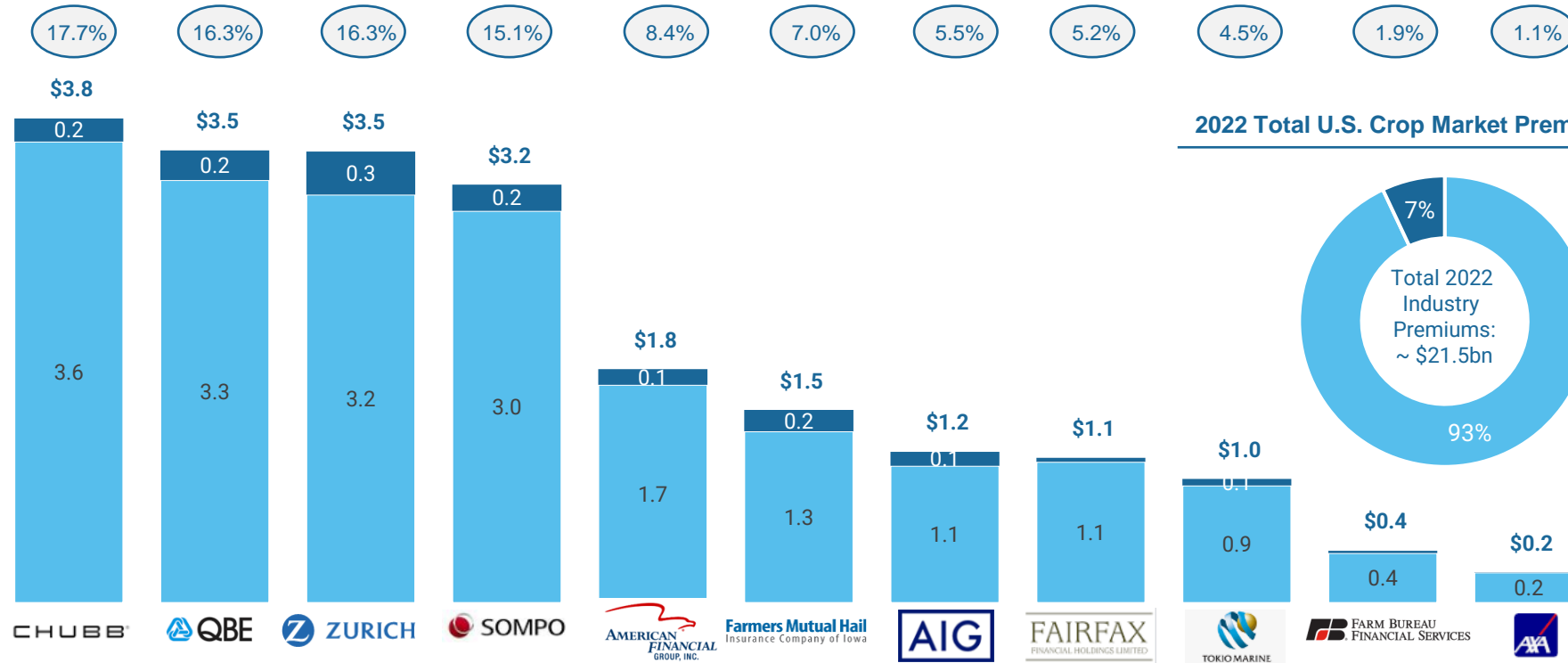
- Under the terms of the transaction, AFG will pay AIG \$240 million in cash at closing, subject to certain closing adjustments
- AFG expects to use cash on hand to fund the acquisition and anticipates the closing to take place during the third quarter of 2023, subject to obtaining required regulatory approvals and the satisfaction of other customary closing conditions
- CRS has business in geographic regions that we view favorably and are identified as strategic areas of growth for us; this acquisition will allow us to expand and serve additional insureds throughout the U.S. and give us even more meaningful market share
- This acquisition will strengthen Great American's position as the fifth largest writer of U.S. crop insurance and the largest U.S.-owned participant in the Federal Crop Insurance Program
- The CRS book of business compliments Great American's existing crop business with corn and soybeans as the most significant insured crops and Illinois, Kansas and Indiana among the top six states for 2022 premium production for both Great American's existing crop operations and CRS

U.S. Crop Market – Key Players

Multi-peril crop insurance, which accounts for > 90% of total crop insurance taken out by farmers in the U.S., is provided by a total of 14 Approved Insurance Providers. The AIPs shown on this slide account for ~ 98% of total U.S. crop premiums.

U.S. Crop Market – Top Writers (by 2022 DWP) (\$bn)

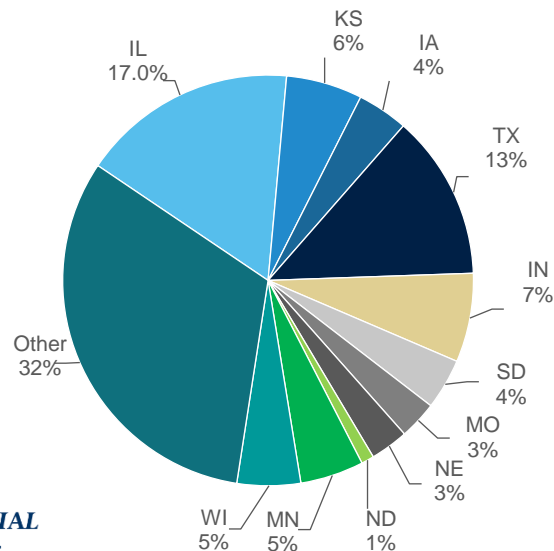
Total U.S. Crop Market Share (%):



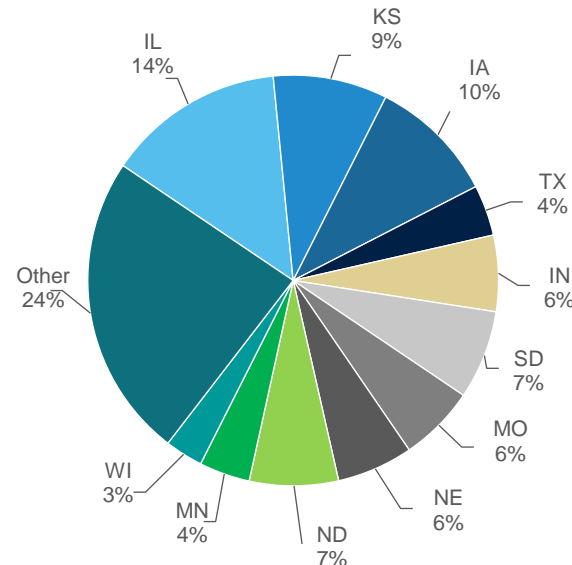
AFG & CRS Combined MPCI Gross Written Premium by State – 2022

- On a pro forma basis, the combined MPCI gross written premium by CRS and AFG for the year ended 12/31/2022 would have been \$2.7 billion, with about half of this premium generated from the states of Illinois, Kansas, Iowa, Texas, Indiana and South Dakota.
- The CRS book of business compliments Great American's existing crop business with corn and soybeans as the most significant insured crops and Illinois, Kansas and Indiana among the top six states for 2022 premium production for both Great American's existing crop operations and CRS.

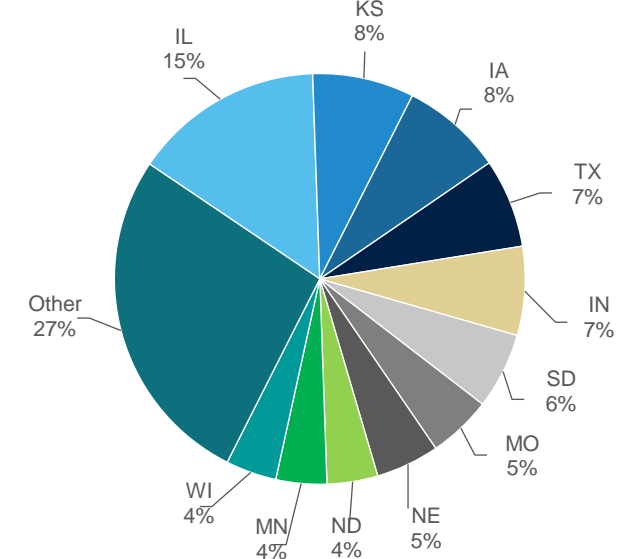
**CRS MPCI Premium by State
\$1.03 Billion**



**AFG MPCI Premium by State
\$1.64 Billion**

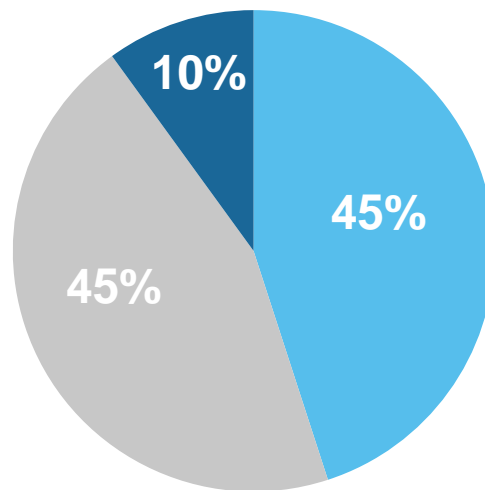


**AFG & CRS Combined MPCI
\$2.67 Billion**

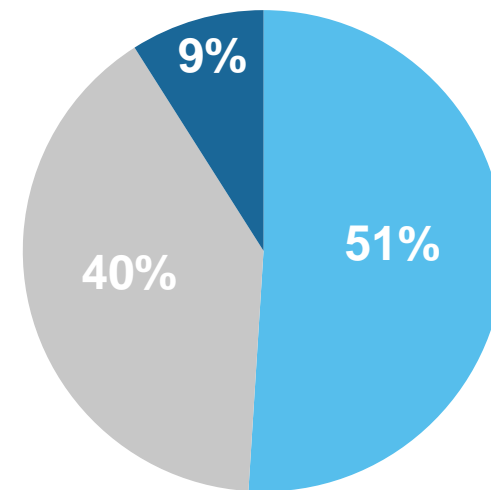


Pro forma View With CRS Crop Business

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



**Pro Forma 2022 Gross Written
Premiums – \$10.2 Billion**



- Property & Transportation
- Specialty Casualty
- Specialty Financial

Property & Transportation

Agricultural-Related
Aviation
Inland & Ocean Marine
Property
Transportation (Commercial Auto)

Specialty Casualty

Accident & Health
Community Banks
Excess & Surplus
Executive Liability
General Liability
Medical Stop Loss

M&A Liability
Professional Liability
Target Programs
Umbrella & Excess Liab.
Workers Comp

Specialty Financial

Credit
Fidelity / Crime
Financial Institution Svcs.
Lease & Loan Services
Surety

