

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

Commission File Number:  
001-12251

**AMERISAFE, INC.**  
(Exact Name of Registrant as Specified in Its Charter)

Texas  
(State of Incorporation)

75-2069407  
(I.R.S. Employer Identification Number)

2301 Highway 190 West, DeRidder, Louisiana  
(Address of Principal Executive Offices)

70634  
(Zip Code)

Registrant's telephone number, including area code: (337) 463-9052

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common	AMSF	NASDAQ

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 18, 2024, there were 19,049,970 shares of the Registrant's common stock, par value \$0.01 per share, outstanding.

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## FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934. You should not place undue reliance on these statements. These forward-looking statements include statements that reflect the current views of our senior management with respect to our financial performance and future events with respect to our business and the insurance industry in general. Statements that include the words "expect," "intend," "plan," "believe," "project," "forecast," "estimate," "may," "should," "anticipate" and similar statements of a future or forward-looking nature identify forward-looking statements. Forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, the following:

- the cyclical nature of the workers' compensation insurance industry;
- increased competition on the basis of types of insurance offered, premium rates, coverage availability, payment terms, claims management, safety services, policy terms, overall financial strength, financial ratings and reputation;
- changes in relationships with independent agencies (including retail and wholesale brokers and agents);
- general economic conditions, including recession, inflation, performance of financial markets, interest rates, unemployment rates, fluctuating asset values and global health pandemics;
- developments in capital markets that adversely affect the performance of our investments;
- technology breaches or failures, including those resulting from a malicious cyber attack on the Company or its policyholders and service providers;
- decreased level of business activity of our policyholders caused by decreased business activity generally, and in particular in the industries we target;
- greater frequency or severity of claims and loss activity than our underwriting, reserving or investment practices anticipate based on historical experience or industry data;
- adverse developments in economic, competitive, judicial or regulatory conditions within the workers' compensation insurance industry;
- loss of the services of any of our senior management or other key employees;
- changes in regulations, laws, rates, rating factors, or taxes applicable to the Company, its policyholders or the agencies that sell its insurance;
- changes in current accounting standards or new accounting standards;
- changes in legal theories of liability under our insurance policies;
- changes in rating agency policies, practices or ratings;
- changes in the availability, cost or quality of reinsurance and the failure of our reinsurers to pay claims in a timely manner or at all;
- the effects of U.S. involvement in hostilities with other countries and large-scale acts of terrorism, or the threat of hostilities or terrorist acts; and
- other risks and uncertainties described from time to time in the Company's filings with the Securities and Exchange Commission (SEC).

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements in this report, and under the caption "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate.

# PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements.

### AMERISAFE, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (in thousands, except share data)

	September 30, 2024 (unaudited)	December 31, 2023
<b>Assets</b>		
Investments:		
Fixed maturity securities—held-to-maturity, at amortized cost net of allowance for credit losses of \$136 and \$182 in 2024 and 2023, respectively, (fair value \$430,353 and \$473,092 in 2024 and 2023, respectively)	\$ 436,369	\$ 483,575
Fixed maturity securities—available-for-sale, at fair value (amortized cost \$318,495, allowance for credit losses of \$0 in 2024 and amortized cost \$326,171, allowance for credit losses of \$0 in 2023)	315,114	317,064
Equity securities, at fair value (cost \$36,020 and \$44,046 in 2024 and 2023, respectively)	57,712	57,147
Short-term investments	26,337	—
<b>Total investments</b>	<b>835,532</b>	<b>857,786</b>
Cash and cash equivalents	63,663	38,682
Amounts recoverable from reinsurers (net of allowance for credit losses of \$330 and \$360 in 2024 and 2023, respectively)	128,963	129,963
Premiums receivable (net of allowance for credit losses of \$4,486 and \$4,674 in 2024 and 2023, respectively)	152,945	132,861
Deferred income taxes	19,499	20,403
Accrued interest receivable	8,192	8,274
Property and equipment, net	6,131	6,349
Deferred policy acquisition costs	20,148	17,975
Federal income tax recoverable	2,759	1,781
Other assets	16,895	15,088
<b>Total assets</b>	<b>\$ 1,254,727</b>	<b>\$ 1,229,162</b>
<b>Liabilities and shareholders' equity</b>		
Liabilities:		
Reserves for loss and loss adjustment expenses	\$ 663,486	\$ 673,994
Unearned premiums	131,994	116,585
Amounts held for others	50,262	53,694
Policyholder deposits	33,704	34,522
Insurance-related assessments	16,841	16,896
Accounts payable and other liabilities	39,898	41,020
Payable for investments purchased	4,171	—
<b>Total liabilities</b>	<b>940,356</b>	<b>936,711</b>
Shareholders' equity:		
Common stock: voting—\$0.01 par value authorized shares—50,000,000 in 2024 and 2023; 20,732,821 and 20,704,448 shares issued; and 19,049,970 and 19,135,008 shares outstanding in 2024 and 2023, respectively	207	207
Additional paid-in capital	223,605	222,078
Treasury stock, at cost (1,682,851 and 1,569,440 shares in 2024 and 2023, respectively)	(42,050)	(36,929)
Accumulated earnings	135,284	114,289
Accumulated other comprehensive loss, net	(2,675)	(7,194)
<b>Total shareholders' equity</b>	<b>314,371</b>	<b>292,451</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,254,727</b>	<b>\$ 1,229,162</b>

See accompanying notes.

**AMERISAFE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except share and per share data)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Revenues</b>				
Gross premiums written	\$ 74,940	\$ 70,840	\$ 231,442	\$ 225,031
Ceded premiums written	(3,951)	(4,112)	(11,904)	(12,256)
Net premiums written	\$ 70,989	\$ 66,728	\$ 219,538	\$ 212,775
Net premiums earned	\$ 67,050	\$ 66,634	\$ 204,129	\$ 201,413
Net investment income	7,485	8,105	22,298	23,262
Net realized gains (losses) on investments	158	5,133	(181)	5,466
Net unrealized gains (losses) on equity securities	3,873	(7,309)	8,591	(3,892)
Fee and other income	129	77	177	488
Total revenues	78,695	72,640	235,014	226,737
<b>Expenses</b>				
Loss and loss adjustment expenses incurred	39,150	37,154	119,765	111,808
Underwriting and certain other operating costs	7,866	9,494	20,450	22,077
Commissions	5,639	5,975	17,438	17,623
Salaries and benefits	7,747	6,902	22,491	19,625
Policyholder dividends	513	804	2,634	2,225
Provision for investment related credit loss benefit	(13)	(16)	(46)	(51)
Total expenses	60,902	60,313	182,732	173,307
Income before income taxes	17,793	12,327	52,282	53,430
Income tax expense	3,469	2,366	10,040	10,503
Net income	\$ 14,324	\$ 9,961	\$ 42,242	\$ 42,927
<b>Earnings per share</b>				
Basic	\$ 0.75	\$ 0.52	\$ 2.21	\$ 2.24
Diluted	\$ 0.75	\$ 0.52	\$ 2.21	\$ 2.23
<b>Shares used in computing earnings per share</b>				
Basic	19,042,152	19,164,854	19,082,374	19,145,432
Diluted	19,113,103	19,223,588	19,156,976	19,217,606
Cash dividends declared per common share	\$ 0.37	\$ 0.34	\$ 1.11	\$ 1.02

See accompanying notes.

**AMERISAFE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in thousands)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 14,324	\$ 9,961	\$ 42,242	\$ 42,927
Other comprehensive income:				
Unrealized gain (loss) on debt securities, net of tax	6,885	(8,263)	4,519	(6,535)
Comprehensive income	<u>\$ 21,209</u>	<u>\$ 1,698</u>	<u>\$ 46,761</u>	<u>\$ 36,392</u>

See accompanying notes.

**AMERISAFE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**Three Months Ended September 30, 2024 and 2023**  
**(in thousands, except share data)**  
**(unaudited)**

	Common Stock		Additional	Treasury Stock		Accumulated	Accumulated	
	Shares	Amounts	Paid-In	Shares	Amounts	Earnings	Other	Total
			Capital				Comprehensive	
							Loss	
Balance at June 30, 2024	20,729,551	\$ 207	\$ 223,359	(1,661,265 )	\$ (41,042 )	\$ 128,028	\$ (9,560 )	\$ 300,992
Comprehensive income:								
Net income	—	—	—	—	—	14,324	—	14,324
Other comprehensive income:								
Change in unrealized losses on debt securities, net of tax	—	—	—	—	—	—	6,885	6,885
Comprehensive income:								21,209
Common stock issued	3,270	—	(112 )	—	—	—	—	(112 )
Purchase of treasury stock	—	—	—	(21,586 )	(1,008 )	—	—	(1,008 )
Share-based compensation	—	—	358	—	—	—	—	358
Dividends to shareholders	—	—	—	—	—	(7,068 )	—	(7,068 )
Balance at September 30, 2024	<u>20,732,821</u>	<u>\$ 207</u>	<u>\$ 223,605</u>	<u>(1,682,851 )</u>	<u>\$ (42,050 )</u>	<u>\$ 135,284</u>	<u>\$ (2,675 )</u>	<u>\$ 314,371</u>

  

	Common Stock		Additional	Treasury Stock		Accumulated	Accumulated	
	Shares	Amounts	Paid-In	Shares	Amounts	Earnings	Other	Total
			Capital				Comprehensive	
							Loss	
Balance at June 30, 2023	20,702,713	\$ 207	\$ 221,759	(1,522,699 )	\$ (34,758 )	\$ 165,459	\$ (12,100 )	\$ 340,567
Comprehensive income:								
Net income	—	—	—	—	—	9,961	—	9,961
Other comprehensive income:								
Change in unrealized losses on debt securities, net of tax	—	—	—	—	—	—	(8,263 )	(8,263 )
Comprehensive income:								1,698
Common stock issued	4,435	—	(165 )	—	—	—	—	(165 )
Share-based compensation	—	—	311	—	—	—	—	311
Dividends to shareholders	—	—	—	—	—	(6,528 )	—	(6,528 )
Balance at September 30, 2023	<u>20,707,148</u>	<u>\$ 207</u>	<u>\$ 221,905</u>	<u>(1,522,699 )</u>	<u>\$ (34,758 )</u>	<u>\$ 168,892</u>	<u>\$ (20,363 )</u>	<u>\$ 335,883</u>

See accompanying notes.

**AMERISAFE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**Nine Months Ended September 30, 2024 and 2023**  
(in thousands, except share data)  
(unaudited)

	Common Stock		Additional	Treasury Stock		Accumulated	Accumulated	
	Shares	Amounts	Paid-In	Shares	Amounts	Earnings	Other	Total
			Capital				Comprehensive	
							Loss	
Balance at December 31, 2023	20,704,448	\$ 207	\$ 222,078	(1,569,440)	\$ (36,929)	\$ 114,289	\$ (7,194)	\$ 292,451
Comprehensive income:								
Net income	—	—	—	—	—	42,242	—	42,242
Other comprehensive income:								
Change in unrealized losses on debt securities, net of tax	—	—	—	—	—	—	4,519	4,519
Comprehensive income:								46,761
Common stock issued	28,373	—	453	—	—	—	—	453
Purchase of treasury stock	—	—	—	(113,411)	(5,121)	—	—	(5,121)
Share-based compensation	—	—	1,074	—	—	—	—	1,074
Dividends to shareholders	—	—	—	—	—	(21,247)	—	(21,247)
Balance at September 30, 2024	<u>20,732,821</u>	<u>\$ 207</u>	<u>\$ 223,605</u>	<u>(1,682,851)</u>	<u>\$ (42,050)</u>	<u>\$ 135,284</u>	<u>\$ (2,675)</u>	<u>\$ 314,371</u>

	Common Stock		Additional	Treasury Stock		Accumulated	Accumulated	
	Shares	Amounts	Paid-In	Shares	Amounts	Earnings	Other	Total
			Capital				Comprehensive	
							Loss	
Balance at December 31, 2022	20,678,572	\$ 207	\$ 220,299	(1,522,699)	\$ (34,758)	\$ 145,512	\$ (13,828)	\$ 317,432
Comprehensive income:								
Net income	—	—	—	—	—	42,927	—	42,927
Other comprehensive income:								
Change in unrealized losses on debt securities, net of tax	—	—	—	—	—	—	(6,535)	(6,535)
Comprehensive income:								36,392
Common stock issued	28,576	—	779	—	—	—	—	779
Share-based compensation	—	—	827	—	—	—	—	827
Dividends to shareholders	—	—	—	—	—	(19,547)	—	(19,547)
Balance at September 30, 2023	<u>20,707,148</u>	<u>\$ 207</u>	<u>\$ 221,905</u>	<u>(1,522,699)</u>	<u>\$ (34,758)</u>	<u>\$ 168,892</u>	<u>\$ (20,363)</u>	<u>\$ 335,883</u>

See accompanying notes.



**AMERISAFE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	Nine Months Ended September 30,	
	2024	2023
<b>Operating activities</b>		
Net income	\$ 42,242	\$ 42,927
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	835	1,072
Net amortization of investments	1,076	2,380
Change in investment related allowance for credit losses	(46)	(51)
Deferred income taxes	(297)	(1,152)
Net realized (gains) losses on investments	181	(5,466)
Net unrealized (gains) losses on equity securities	(8,591)	3,892
Net realized losses on disposal of assets	209	2
Share-based compensation	2,161	1,116
Changes in operating assets and liabilities:		
Premiums receivable, net	(22,107)	(18,751)
Accrued interest receivable	82	(120)
Deferred policy acquisition costs	(2,173)	(1,395)
Other assets	(1,487)	(353)
Reserves for loss and loss adjustment expenses	(10,508)	(11,689)
Unearned premiums	15,409	11,362
Reinsurance balances	263	(2,181)
Amounts held for others and policyholder deposits	(4,250)	1,321
Federal income taxes recoverable	(978)	907
Accounts payable and other liabilities	1,342	2,054
Net cash provided by operating activities	13,363	25,875
<b>Investing activities</b>		
Purchases of investments held-to-maturity	(5,465)	(31,791)
Purchases of investments available-for-sale	(33,956)	(45,141)
Purchases of short-term investments	(46,957)	(46,347)
Proceeds from maturities of investments held-to-maturity	50,988	36,020
Proceeds from sales and maturities of investments available-for-sale	45,532	51,542
Proceeds from sales of equity securities	7,933	8,679
Proceeds from sales and maturities of short-term investments	21,364	20,175
Purchases of property and equipment	(826)	(527)
Net cash provided by (used in) investing activities	38,613	(7,390)
<b>Financing activities</b>		
Finance lease purchases	(64)	(71)
Share-based compensation related tax withholding	(541)	(944)
Purchase of treasury stock	(5,121)	—
Dividends to shareholders	(21,269)	(19,690)
Net cash used in financing activities	(26,995)	(20,705)
Change in cash and cash equivalents	24,981	(2,220)
Cash and cash equivalents at beginning of period	38,682	61,469
Cash and cash equivalents at end of period	<u>\$ 63,663</u>	<u>\$ 59,249</u>

See accompanying notes.

**AMERISAFE, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**Note 1. Basis of Presentation**

AMERISAFE, Inc. (the Company) is an insurance holding company incorporated in the state of Texas. The accompanying unaudited consolidated financial statements include the accounts of AMERISAFE and its subsidiaries: American Interstate Insurance Company (AIIC) and its insurance subsidiaries, Silver Oak Casualty, Inc. (SOCl) and American Interstate Insurance Company of Texas (AIICTX), Amerisafe Risk Services, Inc. (RISK) and Amerisafe General Agency, Inc. (AGAI). AIIC and SOCl are property and casualty insurance companies organized under the laws of the state of Nebraska. AIICTX is a property and casualty insurance company organized under the laws of the state of Texas. RISK, a wholly owned subsidiary of the Company, is a claims and safety service company currently servicing only affiliated insurance companies. AGAI, a wholly owned subsidiary of the Company, is a general agent for the Company. AGAI sells insurance, which is underwritten by AIIC, SOCl and AIICTX, as well as by nonaffiliated insurance carriers.

The terms "AMERISAFE," the "Company," "we," "us" or "our" refer to AMERISAFE, Inc. and its consolidated subsidiaries, as the context requires.

The Company provides workers' compensation insurance for small to mid-sized employers engaged in hazardous industries, principally construction, trucking, logging and lumber, agriculture, manufacturing, telecommunications, and maritime. Assets and revenues of AIIC and its subsidiaries represent at least 95% of comparable consolidated amounts of the Company for each of the nine months ended September 30, 2024 and 2023.

In the opinion of management of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position, the results of operations and cash flows for the periods presented. The unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q under the Securities Exchange Act of 1934 and therefore do not include all information and footnotes to be in conformity with accounting principles generally accepted in the United States (GAAP). The results for the interim periods are not necessarily indicative of the results of operations that may be expected for the year. The unaudited consolidated financial statements contained herein should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2023.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of our assets, liabilities, revenues and expenses and related disclosures. Some of the estimates result from judgments that can be subjective and complex and, consequently, actual results in future periods might differ from these estimates.

***Reclassifications***

Certain prior year amounts have been reclassified to conform with the current year presentation. The reclassifications have not changed the results of operations of prior periods.

***Adopted Accounting Guidance***

The Company has not adopted any new accounting guidance in 2024.

***Prospective Accounting Guidance***

In November 2023, the Financial Accounting Standards Board issued guidance that requires expanded reportable segment disclosures, primarily related to significant segment expenses which are regularly provided to the chief operating decision maker. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within annual periods beginning after December 15, 2024. Retrospective application is required. The Company is currently evaluating the impact of this disclosure-only requirement. All other issued but not yet effective accounting and reporting standards as of September 30, 2024 are either not applicable to the Company or are not expected to have a material impact on the Company.

**Note 2. Restricted Stock, Restricted Stock Units, and Stock Options**

As of September 30, 2024, the Company has three equity incentive plans: the AMERISAFE Non-Employee Director Restricted Stock Plan (the Restricted Stock Plan), the AMERISAFE 2012 Equity and Incentive Compensation Plan (the 2012 Incentive Plan) and the 2022 Equity and Incentive Compensation Plan (the 2022 Incentive Plan). In connection with the approval of the 2022 Incentive Plan by the Company's shareholders at the annual meeting of shareholders in June 2022, no further grants will be made under the 2012 Incentive Plan. All grants made under the 2012 Incentive Plan will continue in effect, subject to the terms and conditions of the

2012 Incentive Plan. See Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023 for additional information regarding the Company's incentive plans.

During the nine months ended September 30, 2024, the Company issued 12,993 shares of common stock to executive officers pursuant to vested performance awards and 3,270 restricted stock units to officers. During the nine months ended September 30, 2024, the Company awarded 12,110 shares of restricted common stock to non-employee directors. The market value of these shares totaled \$1.2 million. During the nine months ended September 30, 2023, the Company issued 18,561 shares of common stock to executive officers pursuant to vested performance awards and 4,845 restricted stock units to officers. During the nine months ended September 30, 2023, the Company awarded 9,856 shares of restricted common stock to non-employee directors. The market value of these shares totaled \$1.8 million.

The Company had no stock options outstanding as of September 30, 2024.

The Company recognized share-based compensation expense of \$0.8 million in the quarter ended September 30, 2024 and \$0.5 million in the same period in 2023. The Company recognized share-based compensation expense of \$2.2 million in the nine months ended September 30, 2024 and \$1.1 million in the same period in 2023.

### Note 3. Earnings Per Share

The Company computes earnings per share (EPS) in accordance with FASB Accounting Standards Codification (ASC) Topic 260, *Earnings Per Share*. The Company has no participating unvested common shares which contain nonforfeitable rights to dividends and applies the treasury stock method in computing basic and diluted earnings per share.

Basic EPS is calculated by dividing net income by the weighted-average number of common shares outstanding during the period.

The diluted EPS calculation includes potential common shares assumed issued under the treasury stock method, which reflects the potential dilution that would occur if any restricted stock or RSUs become vested.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands, except share and per share amounts)			
Basic EPS:				
Net income	\$ 14,324	\$ 9,961	\$ 42,242	\$ 42,927
Basic weighted average common shares	19,042,152	19,164,854	19,082,374	19,145,432
Basic earnings per common share	\$ 0.75	\$ 0.52	\$ 2.21	\$ 2.24
Diluted EPS:				
Net income	\$ 14,324	\$ 9,961	\$ 42,242	\$ 42,927
Diluted weighted average common shares:				
Weighted average common shares	19,042,152	19,164,854	19,082,374	19,145,432
Restricted stock and RSUs	70,951	58,734	74,602	72,174
Diluted weighted average common shares	19,113,103	19,223,588	19,156,976	19,217,606
Diluted earnings per common share	\$ 0.75	\$ 0.52	\$ 2.21	\$ 2.23

#### Note 4. Investments

The amortized cost, allowance for credit losses, carrying amount, gross unrecognized gains and losses, and the fair value of those investments classified as held-to-maturity at September 30, 2024 are summarized as follows:

	Amortized Cost	Allowance for Credit Losses	Carrying Amount	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
	(in thousands)					
States and political subdivisions	\$ 387,702	\$ (35)	\$ 387,667	\$ 4,190	\$ (9,006)	\$ 382,851
Corporate bonds	37,453	(100)	37,353	12	(1,094)	36,271
U.S. agency-based mortgage-backed securities	2,877	—	2,877	33	(81)	2,829
U.S. Treasury securities and obligations of U.S. government agencies	8,456	—	8,456	31	(101)	8,386
Asset-backed securities	17	(1)	16	—	—	16
Totals	<u>\$ 436,505</u>	<u>\$ (136)</u>	<u>\$ 436,369</u>	<u>\$ 4,266</u>	<u>\$ (10,282)</u>	<u>\$ 430,353</u>

The amortized cost, gross unrealized gains and losses, fair value, and the allowance for credit losses of those investments classified as available-for-sale at September 30, 2024 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
	(in thousands)				
States and political subdivisions	\$ 147,821	\$ 939	\$ (5,153)	\$ 143,607	\$ —
Corporate bonds	151,114	3,404	(1,439)	153,079	—
U.S. agency-based mortgage-backed securities	4,702	—	(341)	4,361	—
U.S. Treasury securities and obligations of U.S. government agencies	14,858	—	(791)	14,067	—
Totals	<u>\$ 318,495</u>	<u>\$ 4,343</u>	<u>\$ (7,724)</u>	<u>\$ 315,114</u>	<u>\$ —</u>

The cost, gross unrealized gains and losses, and the fair value of equity securities at September 30, 2024 are summarized as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Equity securities:				
Domestic common stock	\$ 36,020	\$ 21,692	\$ —	\$ 57,712
Total equity securities	<u>\$ 36,020</u>	<u>\$ 21,692</u>	<u>\$ —</u>	<u>\$ 57,712</u>

The amortized cost, allowance for credit losses, carrying amount, gross unrecognized gains and losses, and the fair value of those investments classified as held-to-maturity at December 31, 2023 are summarized as follows:

	Amortized Cost	Allowance for Credit Losses	Carrying Amount	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
	(in thousands)					
States and political subdivisions	\$ 416,916	\$ (38)	\$ 416,878	\$ 4,166	\$ (12,074)	\$ 408,970
Corporate bonds	52,321	(142)	52,179	—	(2,231)	49,948
U.S. agency-based mortgage-backed securities	3,297	—	3,297	25	(123)	3,199
U.S. Treasury securities and obligations of U.S. government agencies	11,186	—	11,186	26	(273)	10,939
Asset-backed securities	37	(2)	35	1	—	36
Totals	<u>\$ 483,757</u>	<u>\$ (182)</u>	<u>\$ 483,575</u>	<u>\$ 4,218</u>	<u>\$ (14,701)</u>	<u>\$ 473,092</u>

The amortized cost, gross unrealized gains and losses, fair value, and the allowance for credit losses of those investments classified as available-for-sale at December 31, 2023 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
			(in thousands)		
States and political subdivisions	\$ 138,031	\$ 583	\$ (6,719)	\$ 131,895	\$ —
Corporate bonds	168,134	2,105	(3,486)	166,753	—
U.S. agency-based mortgage-backed securities	5,190	—	(445)	4,745	—
U.S. Treasury securities and obligations of U.S. government agencies	14,816	—	(1,145)	13,671	—
Totals	<u>\$ 326,171</u>	<u>\$ 2,688</u>	<u>\$ (11,795)</u>	<u>\$ 317,064</u>	<u>\$ —</u>

The cost, gross unrealized gains and losses, and the fair value of equity securities at December 31, 2023 are summarized as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(in thousands)		
Equity securities:				
Domestic common stock	\$ 44,046	\$ 13,101	\$ —	\$ 57,147
Total equity securities	<u>\$ 44,046</u>	<u>\$ 13,101</u>	<u>\$ —</u>	<u>\$ 57,147</u>

A summary of the carrying amounts and fair value of investments in fixed maturity securities classified as held-to-maturity, by contractual maturity, is as follows:

	September 30, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(in thousands)		
Maturity:				
Within one year	\$ 47,290	\$ 46,978	\$ 64,129	\$ 63,703
After one year through five years	115,402	112,425	136,854	131,396
After five years through ten years	113,949	110,703	114,990	110,814
After ten years	156,835	157,402	164,270	163,944
U.S. agency-based mortgage-backed securities	2,877	2,829	3,297	3,199
Asset-backed securities	16	16	35	36
Totals	<u>\$ 436,369</u>	<u>\$ 430,353</u>	<u>\$ 483,575</u>	<u>\$ 473,092</u>

A summary of the amortized cost and fair value of investments in fixed maturity securities classified as available-for-sale, by contractual maturity, is as follows:

	September 30, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
		(in thousands)		
Maturity:				
Within one year	\$ 17,898	\$ 17,728	\$ 25,995	\$ 25,875
After one year through five years	104,803	103,134	106,178	102,201
After five years through ten years	73,094	73,199	82,664	80,911
After ten years	117,998	116,692	106,144	103,332
U.S. agency-based mortgage-backed securities	4,702	4,361	5,190	4,745
Totals	<u>\$ 318,495</u>	<u>\$ 315,114</u>	<u>\$ 326,171</u>	<u>\$ 317,064</u>

The following table summarizes the fair value and gross unrealized losses on securities classified as available-for-sale, aggregated by major investment category and length of time that the individual securities have been in a continuous unrealized loss position as of September 30, 2024:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses
	(in thousands)					
September 30, 2024						
Available-for-Sale						
States and political subdivisions	\$ 61,392	\$ 3,595	\$ 21,334	\$ 1,558	\$ 82,726	\$ 5,153
Corporate bonds	30,359	786	25,343	653	55,702	1,439
U.S. agency-based mortgage-backed securities	4,122	312	239	29	4,361	341
U.S. Treasury securities and obligations of U.S. government agencies	—	—	14,067	791	14,067	791
Total available-for-sale securities	\$ 95,873	\$ 4,693	\$ 60,983	\$ 3,031	\$ 156,856	\$ 7,724

At September 30, 2024, we held 132 individual fixed maturity securities classified as available-for-sale that were in an unrealized loss position.

The following table summarizes the fair value and gross unrealized losses on securities classified as available-for-sale, aggregated by major investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2023:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses
	(in thousands)					
December 31, 2023						
Available-for-Sale						
States and political subdivisions	\$ 14,115	\$ 111	\$ 72,358	\$ 6,608	\$ 86,473	\$ 6,719
Corporate bonds	26,178	96	93,538	3,390	119,716	3,486
U.S. agency-based mortgage-backed securities	—	—	4,745	445	4,745	445
U.S. Treasury securities and obligations of U.S. government agencies	—	—	13,672	1,145	13,672	1,145
Total available-for-sale securities	\$ 40,293	\$ 207	\$ 184,313	\$ 11,588	\$ 224,606	\$ 11,795

The following table illustrates the changes in the allowance for credit losses by major security type of the investments classified as held-to-maturity for the quarter ended September 30, 2024.

	States and Political Subdivisions	Corporate Bonds	U.S. Agency-Based Mortgage-Backed Securities	U.S. Treasury Securities and Obligations of U.S. Government Agencies	Asset-Backed Securities	Totals
	(in thousands)					
Balance at June 30, 2024	\$ 36	\$ 111	\$ —	\$ —	\$ 2	\$ 149
Provision for credit loss benefit	(1)	(11)	—	—	(1)	(13)
Balance at September 30, 2024	<u>\$ 35</u>	<u>\$ 100</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 136</u>

The following table illustrates the changes in the allowance for credit losses by major security type of the investments classified as held-to-maturity for the nine months ended September 30, 2024.

	States and Political Subdivisions	Corporate Bonds	U.S. Agency -Based Mortgage- Backed Securities	U.S. Treasury Securities and Obligations of U.S. Government Agencies	Asset-Backed Securities	Totals
	(in thousands)					
Balance at December 31, 2023	\$ 38	\$ 142	\$ —	\$ —	\$ 2	\$ 182
Provision for credit loss benefit	(3)	(42)	—	—	(1)	(46)
Balance at September 30, 2024	<u>\$ 35</u>	<u>\$ 100</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 136</u>

The Company has established an allowance for credit losses on 436 held-to-maturity securities totaling \$0.1 million. The majority of those securities were issued by states and political subdivisions (417 securities) and corporate bonds (16 securities).

The Company has no allowance for credit losses on investments classified as available-for-sale for the period ended September 30, 2024.

The credit rating used for held-to-maturity fixed income securities is the rating for each security as published by Moody's, S&P, and Fitch to determine the probability of default. If there are two ratings, the lower rating is used. If there are three ratings, the median rating is used. If there is one rating, that rating is used. For corporate fixed income securities (given a rating), the probability of default comes from Moody's annual study of corporate bond defaults published each February. The maximum maturity using the default rate is 20 years (any maturity greater than 20 years will use the 20-year rate). For municipal fixed income securities (given a rating), the probability of default comes from Moody's study of municipal bond defaults published annually.

The calculation of the credit loss allowance takes the amortized cost of the fixed income security and assumes default and recovery based on the average recovery rates from the Moody's default studies. The amortized cost of the security, minus the amount recovered, is the estimated full amount the Company could lose in a default scenario. Then this amount is multiplied by the probability of default to determine the allowance for credit loss. The lower the security is rated, the higher likelihood of default, and therefore a higher allowance for credit loss. The longer to the maturity date of a security, the higher the default risk.

The table below presents the amortized cost of held-to-maturity securities aggregated by credit quality indicator as of September 30, 2024.

	States and Political Subdivisions	Corporate Bonds	U.S. Agency -Based Mortgage- Backed Securities	U.S. Treasury Securities and Obligations of U.S. Government Agencies	Asset-Backed Securities	Totals
	Amortized Cost (in thousands)					
AAA/AA/A ratings	\$ 385,526	\$ 13,367	\$ 2,877	\$ 8,456	\$ 7	\$ 410,233
Baa/BBB ratings	2,176	24,086	—	—	10	26,272
Total	<u>\$ 387,702</u>	<u>\$ 37,453</u>	<u>\$ 2,877</u>	<u>\$ 8,456</u>	<u>\$ 17</u>	<u>\$ 436,505</u>

Net realized gains in the quarter ended September 30, 2024 were \$0.2 million resulting from the redemption of fixed maturity securities. Net realized gains in the quarter ended September 30, 2023 were \$5.1 million resulting from the sale of equity and fixed maturity securities classified as available-for-sale.

Net realized losses in the nine months ended September 30, 2024 were \$0.2 million resulting primarily from the sale of equity and fixed maturity securities classified as available-for-sale. Net realized gains in the nine months ended September 30, 2023 were \$5.5 million resulting primarily from the sale of equity and fixed maturity securities classified as available-for-sale.

During the third quarter of 2024, we recognized through income \$3.9 million of net unrealized gains on equity securities. During the third quarter of 2023, we recognized through income \$7.3 million of net unrealized losses on equity securities.

During the nine months ended September 30, 2024, we recognized through income \$8.6 million of net unrealized gains on equity securities. During the nine months ended September 30, 2023, we recognized through income \$3.9 million of net unrealized losses on equity securities.

Investment income is recognized as it is earned. The discount or premium on fixed maturity securities is amortized using the "constant yield" method. Anticipated prepayments, where applicable, are considered when determining the amortization of premiums or discounts. Realized investment gains and losses are determined using the specific identification method.

#### **Note 5. Income Taxes**

In accordance with FASB ASC Topic 740, "Income Taxes," we provide for the recognition and measurement of deferred income tax benefits based on the likelihood of their realization in future years. As of September 30, 2024 and 2023, the Company had no valuation allowance against its deferred income tax assets and liabilities.

Income tax expense from operations is different from the amount computed by applying the U.S. federal income tax statutory rate of 21% to income before income taxes primarily due to the impact of tax-exempt investment income and state income tax accruals.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. There were no uncertain tax positions for the periods ended September 30, 2024 and 2023.

Tax years 2021 through 2024 are subject to examination by the federal and state taxing authorities.

#### **Note 6. Loss Reserves**

We record reserves for estimated losses under insurance policies that we write and for loss adjustment expenses related to the investigation and settlement of policy claims. Our reserves for loss and loss adjustment expenses represent the estimated cost of all reported and unreported loss and loss adjustment expenses incurred and unpaid as of a given point in time. The reserves for loss and loss adjustment expenses are estimated using individual case-basis valuations, statistical analyses and estimates based upon experience for unreported claims and their associated loss and loss adjustment expenses. Such estimates may be more or less than the amounts ultimately paid when the claims are settled. The estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in these estimates, management believes that the reserves for loss and loss adjustment expenses are adequate. The estimates are continually reviewed internally and periodically evaluated with our independent actuary. Adjustments are made as experience develops and new information becomes known. Any such adjustments are included in income from current operations. See Note 9 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023 for additional information regarding the Company's loss and loss adjustment expense development.



The following table provides the Company's liability for unpaid loss and loss adjustment expenses, net of related amounts recoverable from reinsurers, for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,	
	2024	2023
	(in thousands)	
Balance, beginning of period	\$ 673,994	\$ 696,037
Less amounts recoverable from reinsurers on unpaid loss and loss adjustment expenses	119,746	112,555
Net balance, beginning of period	554,248	583,482
Add incurred related to:		
Current accident year	144,931	143,003
Prior accident years	(25,166)	(31,195)
Total incurred	119,765	111,808
Less paid related to:		
Current accident year	29,872	28,074
Prior accident years	102,082	104,602
Total paid	131,954	132,676
Net balance, end of period	542,059	562,614
Add amounts recoverable from reinsurers on unpaid loss and loss adjustment expenses	121,427	121,734
Balance, end of period	<u>\$ 663,486</u>	<u>\$ 684,348</u>

The foregoing reconciliation reflects favorable development of the net reserves at September 30, 2024 and September 30, 2023. The favorable development reduced loss and loss adjustment expenses incurred by \$25.2 million and \$31.2 million in 2024 and 2023, respectively. The revisions to the Company's reserves reflect new information gained by claims adjusters in the normal course of adjusting claims and is reflected in the financial statements when the information becomes available. It is typical for more serious claims to take several years or longer to settle and the Company continually revises estimates as more information about claimants' medical conditions and potential disability becomes known and the claims get closer to being settled. Multiple factors can cause loss development both unfavorable and favorable. The favorable loss development we experienced across accident years was largely due to two factors: (1) lower than expected severity of injuries in these accident years compared to our original and revised estimates; and (2) favorable case reserve development from closed claims and claims where the worker had reached maximum medical improvement. We believe the favorable case reserve development resulted primarily from an intensive claims management focus with the Company actively seeking to settle claims, leading to favorable development.

The table below presents the change in the allowance for credit losses on amounts recoverable from reinsurers for the three and nine months ended September 30, 2024 and 2023.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)			
Balance, beginning of period	\$ 322	\$ 338	\$ 360	\$ 372
Provision for credit loss expense (benefit)	8	5	(30)	(29)
Balance, end of period	<u>\$ 330</u>	<u>\$ 343</u>	<u>\$ 330</u>	<u>\$ 343</u>

#### Note 7. Comprehensive Income and Accumulated Other Comprehensive Loss

Comprehensive income includes net income plus unrealized gains and losses on our available-for-sale investment securities, net of tax. In reporting comprehensive income on a net basis in the statements of comprehensive income, we used a 21% tax rate in 2024 and 2023. The difference between net income as reported and comprehensive income was due primarily to changes in unrealized gains and losses, net of tax on available-for-sale debt securities.

The following table illustrates the changes in the balance of each component of accumulated other comprehensive loss for each period presented in the interim financial statements.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)			
Balance, beginning of period	\$ (9,560)	\$ (12,100)	\$ (7,194)	\$ (13,828)
Other comprehensive income (loss) before reclassification	6,914	(8,455)	4,411	(6,881)
Amounts reclassified from accumulated other comprehensive loss	(29)	192	108	346
Net current period other comprehensive income (loss)	6,885	(8,263)	4,519	(6,535)
Balance, end of period	<u>\$ (2,675)</u>	<u>\$ (20,363)</u>	<u>\$ (2,675)</u>	<u>\$ (20,363)</u>

The sale or credit loss allowance adjustment of an available-for-sale security results in amounts being reclassified from accumulated other comprehensive loss to current period net income. The effects of reclassifications out of accumulated other comprehensive loss by the respective line items of net income are presented in the following table.

Component of Accumulated Other Comprehensive Loss	Three Months Ended September 30,		Nine Months Ended September 30,		Affected line item in the statement of income
	2024	2023	2024	2023	
	(in thousands)				
Unrealized gains (losses) on debt securities, net of tax	\$ 37	\$ (243)	\$ (136)	\$ (438)	Net realized gains (losses) on investments
	37	(243)	(136)	(438)	Income before income taxes
Unrealized gains (losses) on debt securities, net of tax	(8)	51	28	92	Income tax expense
	<u>\$ 29</u>	<u>\$ (192)</u>	<u>\$ (108)</u>	<u>\$ (346)</u>	Net income

#### Note 8. Fair Value Measurements

The Company carries available-for-sale securities at fair value in our consolidated financial statements and determines fair value measurements and disclosure in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*.

The Company determines the fair values of its financial instruments based on the fair value hierarchy established in ASC Topic 820, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard defines fair value, describes three levels of inputs that may be used to measure fair value, and expands disclosures about fair value measurements.

Fair value is defined in ASC Topic 820 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is the price to sell an asset or transfer a liability and, therefore, represents an exit price, not an entry price. Fair value is the exit price in the principal market (or, if lacking a principal market, the most advantageous market) in which the reporting entity would transact. Fair value is a market-based measurement, not an entity-specific measurement, and, as such, is determined based on the assumptions that market participants would use in pricing the asset or liability. The exit price objective of a fair value measurement applies regardless of the reporting entity's intent and/or ability to sell the asset or transfer the liability at the measurement date.

ASC Topic 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present value amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset, also known as current replacement cost. Valuation techniques used to measure fair value are to be consistently applied.

In ASC Topic 820, inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model) and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable:

- Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.
- Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Valuation techniques used to measure fair value are intended to maximize the use of observable inputs and minimize the use of unobservable inputs. ASC Topic 820 establishes a fair value hierarchy that prioritizes the use of inputs used in valuation techniques into the following three levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.
- Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are to be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters.

The fair values of the Company's investments are based upon prices provided by an independent pricing service. The Company has reviewed these prices for reasonableness and has not adjusted any prices received from the independent provider. Securities reported at fair value utilizing Level 1 inputs represent assets whose fair value is determined based upon observable unadjusted quoted market prices for identical assets in active markets. Level 2 securities represent assets whose fair value is determined using observable market information such as previous day trade prices, quotes from less active markets or quoted prices of securities with similar characteristics. There were no transfers between Level 1 and Level 2 during the nine months ended September 30, 2024.

At September 30, 2024, assets measured at fair value on a recurring basis are summarized below:

	September 30, 2024				
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		Total Fair Value
(in thousands)					
Financial instruments carried at fair value, classified as a part of:					
Securities available-for-sale—fixed maturity:					
States and political subdivisions	\$ —	\$ 143,607	\$ —	\$	143,607
Corporate bonds	—	153,079	—		153,079
U.S. agency-based mortgage-backed securities	—	4,361	—		4,361
U.S. Treasury securities	14,067	—	—		14,067
Total securities available-for-sale—fixed maturity	14,067	301,047	—		315,114
Equity securities:					
Domestic common stock	57,712	—	—		57,712
Total	\$ 71,779	\$ 301,047	\$ —	\$	372,826

At September 30, 2024, assets measured at amortized cost net of allowance for credit losses are summarized below:

		September 30, 2024			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value	
	(in thousands)				
Securities held-to-maturity—fixed maturity:					
States and political subdivisions	\$ —	\$ 382,851	\$ —	\$ 382,851	
Corporate bonds	—	36,271	—	36,271	
U.S. agency-based mortgage-backed securities	—	2,829	—	2,829	
U.S. Treasury securities	8,386	—	—	8,386	
Asset-backed securities	—	16	—	16	
Total held-to-maturity	\$ 8,386	\$ 421,967	\$ —	\$ 430,353	

At December 31, 2023, assets measured at fair value on a recurring basis are summarized below:

	Level 1 Inputs	December 31, 2023		Level 3 Inputs	Total Fair Value			
		Level 2 Inputs						
		(in thousands)						
Financial instruments carried at fair value, classified as a part of:								
Securities available-for-sale—fixed maturity:								
States and political subdivisions	\$	—	\$	131,895	\$	—	\$	131,895
Corporate bonds		—		166,753		—		166,753
U.S. agency-based mortgage-backed securities		—		4,745		—		4,745
U.S. Treasury securities		13,671		—		—		13,671
Total securities available-for-sale—fixed maturity	\$	13,671	\$	303,393	\$	—	\$	317,064
Equity securities:								
Domestic common stock		57,147		—		—		57,147
Total	\$	70,818	\$	303,393	\$	—	\$	374,211

At December 31, 2023, assets measured at amortized cost net of allowance for credit losses are summarized below:

		December 31, 2023			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value	
	(in thousands)				
Securities held-to-maturity—fixed maturity:					
States and political subdivisions	\$ —	\$ 408,970	\$ —	\$ 408,970	
Corporate bonds	—	49,948	—	49,948	
U.S. agency-based mortgage-backed securities	—	3,199	—	3,199	
U.S. Treasury securities	10,939	—	—	10,939	
Asset-backed securities	—	36	—	36	
Total held-to-maturity	\$ 10,939	\$ 462,153	\$ —	\$ 473,092	

The Company determines fair value amounts for financial instruments using available third-party market information. When such information is not available, the Company determines the fair value amounts using appropriate valuation methodologies. Nonfinancial instruments such as real estate, property and equipment, deferred policy acquisition costs, deferred income taxes and loss and loss adjustment expense reserves are excluded from the fair value disclosure.

**Cash and Cash Equivalents** —The carrying amounts reported in the accompanying consolidated balance sheets for these financial instruments approximate their fair values, which are characterized as Level 1 assets.

**Investments** —The fair values for fixed maturity and equity securities are based on prices obtained from an independent pricing service. Equity and treasury securities are characterized as Level 1 assets, as their fair values are based on quoted prices in active markets. Fixed maturity securities, other than treasury securities, are characterized as Level 2 assets, as their fair values are determined using observable market inputs.

**Short Term Investments** —The carrying amounts reported in the accompanying consolidated balance sheets for these financial instruments approximate their fair values. These securities are characterized as Level 2 assets in the fair value hierarchy.

The following table summarizes the carrying amounts and corresponding fair values for financial instruments:

	As of September 30, 2024		As of December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Assets:				
Fixed maturity securities—held-to-maturity	\$ 436,369	\$ 430,353	\$ 483,575	\$ 473,092
Fixed maturity securities—available-for-sale	315,114	315,114	317,064	317,064
Equity securities	57,712	57,712	57,147	57,147
Short-term investments	26,337	26,337	—	—
Cash and cash equivalents	63,663	63,663	38,682	38,682

#### Note 9. Treasury Stock

The Company's Board of Directors initiated a share repurchase program in February 2010. In October 2016, the Board reauthorized this program with a limit of \$25.0 million with no expiration date. As of September 30, 2024, \$5.3 million was available for future purchases. Repurchases of shares may be made pursuant to pre-established trading plans meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934.

During the three months ended September 30, 2024, 21,586 shares were purchased for \$1.0 million, or an average price of \$46.79 per share, including commissions and excise tax. During the nine months ended September 30, 2024, 113,411 shares were purchased for \$5.1 million, or an average price of \$45.16 per share, including commissions and excise tax. During the three and nine months ended September 30, 2023, no shares were purchased.

The following table summarizes the Company's purchases of its common stock, par value \$0.01 per share, during the three months ended September 30, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in thousands)
July 1, 2024 to July 31, 2024	—	\$ —	—	\$ 6,330
August 1, 2024 to August 31, 2024	21,586	46.79	21,586	5,320
September 1, 2024 to September 30, 2024	—	—	—	5,320
Total	<u>21,586</u>		<u>21,586</u>	

(1) Average price paid per share includes commissions and excise tax.

**Note 10. Subsequent Events**

On October 22, 2024, the Company's Board of Directors declared a special cash dividend of \$3.00 per share and a regular cash dividend of \$0.37 per share, payable on December 13, 2024 to shareholders of record as of December 6, 2024. The Board considers the payment of a regular cash dividend each calendar quarter.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

The following discussion should be read in conjunction with the accompanying unaudited consolidated financial statements and the related notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q, together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2023.

We begin our discussion with an overview of our Company to give you an understanding of our business and the markets we serve. We then discuss our critical accounting policies. This is followed with a discussion of our results of operations for the three and nine months ended September 30, 2024 and 2023. This discussion includes an analysis of certain significant period-to-period variances in our consolidated statements of operations. Our cash flows and financial condition are discussed under the caption "Liquidity and Capital Resources."

### **Business Overview**

AMERISAFE is a holding company that markets and underwrites workers' compensation insurance through its insurance subsidiaries. Workers' compensation insurance covers statutorily prescribed benefits that employers are obligated to provide to their employees who are injured in the course and scope of their employment. Our business strategy is focused on providing this coverage to small to mid-sized employers engaged in hazardous industries, principally construction, trucking, logging and lumber, agriculture, manufacturing, telecommunications, and maritime. Employers engaged in hazardous industries pay substantially higher than average rates for workers' compensation insurance compared to employers in other industries, as measured per payroll dollar. The higher premium rates are due to the nature of the work performed and the inherent workplace danger of our target employers. Hazardous industry employers also tend to have less frequent but more severe claims as compared to employers in other industries due to the nature of their businesses. We provide proactive safety reviews of employers' workplaces. These safety reviews are a vital component of our underwriting process and also promote safer workplaces. We utilize intensive claims management practices that we believe permit us to reduce the overall cost of our claims. In addition, our audit services ensure that our policyholders pay the appropriate premiums required under the terms of their policies and enable us to monitor payroll patterns that cause underwriting, safety or fraud concerns. We believe that the higher premiums typically paid by our policyholders, together with our disciplined underwriting and safety, claims and audit services, provide us with the opportunity to earn attractive returns for our shareholders.

We actively market our insurance in 27 states through independent agencies (including retail and wholesale brokers and agents), as well as through our wholly owned insurance agency subsidiary. We are also licensed in an additional 20 states, the District of Columbia, and the U.S. Virgin Islands.

### **Critical Accounting Policies**

Understanding our accounting policies is key to understanding our financial statements. Management considers some of these policies to be very important to the presentation of our financial results because they require us to make significant estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures. Some of the estimates result from judgments that can be subjective and complex and, consequently, actual results in future periods might differ from these estimates.

Management believes that the most critical accounting policies relate to the reporting of reserves for loss and loss adjustment expenses, including losses that have occurred but have not been reported prior to the reporting date, amounts recoverable from reinsurers, premiums receivable, assessments, deferred policy acquisition costs, deferred income taxes, credit losses on investment securities, and share-based compensation. These critical accounting policies are more fully described in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2023.

## Results of Operations

The following table summarizes our consolidated financial results for the three and nine months ended September 30, 2024 and 2023.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(dollars in thousands, except per share data) (unaudited)			
Gross premiums written	\$ 74,940	\$ 70,840	\$ 231,442	\$ 225,031
Net premiums earned	67,050	66,634	204,129	201,413
Net investment income	7,485	8,105	22,298	23,262
Total revenues	78,695	72,640	235,014	226,737
Total expenses	60,902	60,313	182,732	173,307
Net income	14,324	9,961	42,242	42,927
Diluted earnings per common share	\$ 0.75	\$ 0.52	\$ 2.21	\$ 2.23
Other Key Measures				
Net combined ratio (1)	90.9%	90.6%	89.6%	86.1%
Return on average equity (2)	18.6%	11.8%	18.6%	17.5%
Book value per share (3)	\$ 16.50	\$ 17.51	\$ 16.50	\$ 17.51

(1)The net combined ratio is calculated by dividing the sum of loss and loss adjustment expenses incurred, underwriting and certain other operating costs, commissions, salaries and benefits, and policyholder dividends by net premiums earned in the current period.

(2)Return on average equity is calculated by dividing the annualized net income by the average shareholders' equity for the applicable period.

(3)Book value per share is calculated by dividing shareholders' equity by total outstanding shares, as of the end of the period.

### Consolidated Results of Operations for Three Months Ended September 30, 2024 Compared to September 30, 2023

**Gross Premiums Written.** Gross premiums written for the quarter ended September 30, 2024 were \$74.9 million, compared to \$70.8 million for the same period in 2023, an increase of 5.8%. The increase was attributable to a \$5.5 million increase in annual premiums on voluntary policies written during the period partially offset by a \$1.6 million decrease in premiums resulting from payroll audits and related premium adjustments for policies written in previous quarters.

**Net Premiums Written.** Net premiums written for the quarter ended September 30, 2024 were \$71.0 million, compared to \$66.7 million for the same period in 2023, an increase of 6.4%. The increase was primarily attributable to the increase in gross premiums written. As a percentage of gross premiums earned, ceded premiums were 5.6% for the third quarter of 2024 compared to 5.8% for the third quarter of 2023. The decrease in ceded premiums as a percentage of gross premiums earned is a result of a change in our 2024 reinsurance treaties. For additional information, see Item 1, "Business—Reinsurance" in our Annual Report on Form 10-K for the year ended December 31, 2023.

**Net Premiums Earned.** Net premiums earned for the third quarter of 2024 were \$67.1 million, compared to \$66.6 million for the same period in 2023, an increase of 0.6%. The increase was primarily attributable to the increase in net premiums written during the period.

**Net Investment Income.** Net investment income for the quarter ended September 30, 2024 was \$7.5 million, compared to \$8.1 million for the same period in 2023, a decrease of 7.6%. The decrease was due to lower average invested asset balances in the period compared to prior year. Average invested assets, including cash and cash equivalents, were \$893.3 million in the quarter ended September 30, 2024 compared to an average of \$961.2 million for the same period in 2023, a decrease of 7.1%. The pre-tax investment yield on our investment portfolio was 3.4% per annum during the quarters ended September 30, 2024 and 2023. The tax-equivalent yield on our investment portfolio was 3.8% per annum for the quarters ended September 30, 2024 and 2023. The tax-equivalent yield is calculated using the effective interest rate and the appropriate marginal tax rate.

**Net Realized Gains (Losses) on Investments.** Net realized gains on investments for the three months ended September 30, 2024 were \$0.2 million compared to net realized gains of \$5.1 million for the same period in 2023. Net realized gains in the third quarter of 2024 were mostly attributable to the redemption of fixed maturity securities. Net realized gains in the third quarter of 2023 were mostly attributable to sales of equity and fixed maturity securities classified as available-for-sale.



*Net Unrealized Gains (Losses) on Equity Securities.* The market value of our equity securities increased by \$3.9 million for the three months ended September 30, 2024 compared to a decrease of \$7.3 million for the same period in 2023.

*Loss and Loss Adjustment Expenses Incurred.* Loss and loss adjustment expenses (LAE) incurred totaled \$39.2 million for the three months ended September 30, 2024, compared to \$37.2 million for the same period in 2023, an increase of \$2.0 million, or 5.4%. The current accident year loss and LAE incurred were \$47.6 million compared to \$47.3 million for the same period in 2023. Our initial estimate of the loss and LAE ratio for accident year 2024 remains unchanged at 71.0% of net premiums earned, consistent with the estimate initially set for accident year 2023, and is based on long-term claim frequency and severity trends, as well as medical inflation. We recorded favorable prior accident year development of \$8.5 million in the third quarter of 2024, compared to favorable prior accident year development of \$10.2 million in the same period of 2023, as further discussed below in "Prior Year Development." Our net loss ratio was 58.4% in the third quarter of 2024, compared to 55.8% for the same period of 2023.

*Underwriting and Certain Other Operating Costs, Commissions and Salaries and Benefits.* Underwriting and certain other operating costs, commissions and salaries and benefits for the quarter ended September 30, 2024 were \$21.3 million, compared to \$22.4 million for the same period in 2023. This decrease was primarily due to a \$1.6 million decrease in profit sharing reinsurance commission recorded in prior year partially offset by a \$0.7 million increase in compensation expense. Our expense ratio was 31.7% in the third quarter of 2024 compared to 33.6% in the third quarter of 2023.

*Income Tax Expense.* Income tax expense for the three months ended September 30, 2024 was \$3.5 million, compared to \$2.4 million for the same period in 2023. The effective tax rate for the Company for quarter ended September 30, 2024 was 19.5% compared to 19.2% in the third quarter of 2023. The increase in the effective tax rate is due to a lower proportion of income from tax-exempt investments for the three months ended September 30, 2024 compared with the same period of 2023.

### **Consolidated Results of Operations for Nine Months Ended September 30, 2024 Compared to September 30, 2023**

*Gross Premiums Written.* Gross premiums written for the nine months ended September 30, 2024 were \$231.4 million, compared to \$225.0 million for the same period in 2023, an increase of 2.8%. The increase was attributable to a \$7.1 million increase in annual premiums on voluntary policies written during the period and a \$0.9 million increase in residual market premiums. These increases were partially offset by a \$1.5 million decrease in premiums resulting from payroll audits and related premium adjustments for policies written in previous quarters.

*Net Premiums Written.* Net premiums written for the nine months ended September 30, 2024 were \$219.5 million, compared to \$212.8 million for the same period in 2023, an increase of 3.2%. The increase was primarily attributable to an increase in gross premiums written. As a percentage of gross premiums earned, ceded premiums were 5.5% for the first nine months of 2024 compared to 5.7% in the same period of 2023. The decrease in ceded premiums as a percentage of gross premiums earned is a result of a change in our 2024 reinsurance treaties. For additional information, see Item 1, "Business—Reinsurance" in our Annual Report on Form 10-K for the year ended December 31, 2023.

*Net Premiums Earned.* Net premiums earned for the nine months ended September 30, 2024 were \$204.1 million, compared to \$201.4 million for the same period in 2023, an increase of 1.3%. The increase was primarily attributable to the increase in net premiums written during the period.

*Net Investment Income.* Net investment income for the first nine months of 2024 was \$22.3 million, compared to \$23.3 million for the same period in 2023, a decrease of 4.1%. The decrease was due to lower average invested asset balances in the period compared to prior year as well as lower investment yields on fixed income securities and cash balances compared to prior year. Average invested assets, including cash and cash equivalents were \$895.5 million in the nine months ended September 30, 2024 compared to an average of \$962.1 million in the same period in 2023, a decrease of 6.9%. The pre-tax investment yield on our investment portfolio was 3.3% per annum during the nine months ended September 30, 2024 and 2023. The tax-equivalent yield on our investment portfolio was 3.8% per annum for the first nine months of 2024 and 2023. The tax-equivalent yield is calculated using the effective interest rate and the appropriate marginal tax rate.

*Net Realized Gains (Losses) on Investments.* Net realized losses on investments for the nine months ended September 30, 2024 were \$0.2 million compared to net realized gains of \$5.5 million for the same period in 2023. Net realized losses in the first nine months of 2024 were attributable to the sale of equity and fixed maturity securities classified as available-for-sale. Net realized gains in the first nine months of 2023 were attributable to the sale of equity securities.

*Net Unrealized Gains (Losses) on Equity Securities.* The market value of our equity securities increased by \$8.6 million for the nine months ended September 30, 2024 compared to a decrease of \$3.9 million for the same period in 2023.

**Loss and Loss Adjustment Expenses Incurred.** Loss and LAE incurred totaled \$119.8 million for the nine months ended September 30, 2024, compared to \$111.8 million for the same period in 2023, an increase of \$8.0 million, or 7.1%. The current accident year loss and LAE incurred were \$144.9 million compared to \$143.0 million for the same period in 2023. Our initial estimate of the loss and LAE ratio for accident year 2024 remains unchanged at 71.0% of net premiums earned, consistent with the estimate initially set for accident year 2023, and is based on long-term claim frequency and severity trends, as well as medical inflation. We recorded favorable prior accident year development of \$25.2 million in the first nine months of 2024, compared to favorable prior accident year development of \$31.2 million in the same period of 2023, as further discussed below in "Prior Year Development." Our net loss ratio was 58.7% in the first nine months of 2024, compared to 55.5% for the same period of 2023.

**Underwriting and Certain Other Operating Costs, Commissions and Salaries and Benefits.** Underwriting and certain other operating costs, commissions and salaries and benefits for the nine months ended September 30, 2024 were \$60.4 million, compared to \$59.3 million for the same period in 2023, an increase of 1.8%. This increase was primarily due to an increase in compensation expense of \$2.2 million, a decrease in profit sharing reinsurance commission of \$0.8 million and an increase in professional fees of \$0.4 million. Offsetting these amounts were a decrease in insurance related assessments of \$1.6 million and a \$0.5 million decrease in taxes and fees. Our expense ratio was 29.6% in the first nine months of 2024 compared to 29.5% for the same period of 2023.

**Income Tax Expense.** Income tax expense for the nine months ended September 30, 2024 was \$10.0 million, compared to \$10.5 million for the same period in 2023. The effective tax rate for the Company decreased to 19.2% for the nine months ended September 30, 2024 from 19.7% for the nine months ended September 30, 2023. The decrease in the effective tax rate is due to a higher proportion of income from tax-exempt investments for the nine months ended September 30, 2024 compared with the nine months ended September 30, 2023.

## **Liquidity and Capital Resources**

Our principal sources of operating funds are premiums, investment income and proceeds from sales and maturities of investments. Our primary uses of operating funds include payments of claims and operating expenses. Currently, we pay claims using cash flow from operations and invest the remaining funds.

Net cash provided by operating activities was \$13.4 million for the nine months ended September 30, 2024, which represented a \$12.5 million decrease from \$25.9 million in net cash provided by operating activities for the nine months ended September 30, 2023. This decrease in operating cash flow was due to a \$12.8 million decrease in reinsurance recoveries, a \$2.3 million increase in underwriting expenses paid, a \$2.1 million decrease in net investment income and a \$0.8 million increase in federal taxes paid. Partially offsetting these decreases were a \$2.9 million increase in premium collections, a \$1.8 million decrease in losses paid and a \$0.6 million decrease in dividends paid to policyholders.

Net cash provided by investing activities was \$38.6 million for the nine months ended September 30, 2024, compared to net cash used in investment activities of \$7.4 million for the same period in 2023. Cash provided by sales and maturities of investments totaled \$125.8 million for the nine months ended September 30, 2024, compared to \$116.4 million for the same period in 2023. A total of \$86.4 million in cash was used to purchase investments in the nine months ended September 30, 2024, compared to \$123.3 million in purchases for the same period in 2023. A total of \$0.8 million in cash was used to purchase property and equipment in the nine months ended September 30, 2024 compared to \$0.5 million for the same period in 2023.

Net cash used in financing activities in the nine months ended September 30, 2024 was \$27.0 million compared to net cash used in financing activities of \$20.7 million for the same period in 2023. In the nine months ended September 30, 2024, \$21.3 million of cash was used for dividends paid to shareholders compared to \$19.7 million in the same period of 2023. In the nine months ended September 30, 2024, there were repurchases of outstanding shares of our common stock of \$5.1 million compared to none for the same period in 2023. Share-based compensation related payroll tax withholding was \$0.5 million in the nine months ended September 30, 2024 compared to \$0.9 million in the same period in 2023.

## **Investment Portfolio**

Our investment portfolio, including cash and cash equivalents, totaled \$899.2 million at September 30, 2024, an increase of 0.3% from December 31, 2023. Purchases of fixed maturity securities are classified as available-for-sale or held-to-maturity at the time of purchase based on the individual security. The Company has the ability and positive intent to hold certain investments until maturity. Therefore, fixed maturity securities classified as held-to-maturity, as defined by FASB ASC Topic 320, *Investments-Debt and Equity Securities*, are recorded at amortized cost net of allowance for credit losses. Our equity securities and fixed maturity securities classified as available-for-sale are reported at fair value.

The composition of our investment portfolio, including cash and cash equivalents, as of September 30, 2024, is shown in the following table:

	Carrying Amount (in thousands)	Percentage of Portfolio
<b>Fixed maturity securities—held-to-maturity:</b>		
States and political subdivisions	\$ 387,667	43.1 %
Corporate bonds	37,353	4.2 %
U.S. agency-based mortgage-backed securities	2,877	0.3 %
U.S. Treasury securities and obligations of U.S. government agencies	8,456	0.9 %
Asset-backed securities	16	—
<b>Total fixed maturity securities—held-to-maturity</b>	<b>436,369</b>	<b>48.5 %</b>
<b>Fixed maturity securities—available-for-sale:</b>		
States and political subdivisions	143,607	16.0 %
Corporate bonds	153,079	17.0 %
U.S. agency-based mortgage-backed securities	4,361	0.5 %
U.S. Treasury securities and obligations of U.S. government agencies	14,067	1.6 %
<b>Total fixed maturity securities—available-for-sale</b>	<b>315,114</b>	<b>35.1 %</b>
Equity securities	57,712	6.4 %
Short-term investments	26,337	2.9 %
Cash and cash equivalents	63,663	7.1 %
<b>Total investments, including cash and cash equivalents</b>	<b>\$ 899,195</b>	<b>100.0 %</b>

Our debt securities classified as available-for-sale are "marked to market" as of the end of each calendar quarter. As of that date, unrealized gains and losses that are not credit related are recorded to Accumulated Other Comprehensive Income (Loss). Any available-for-sale credit related losses would be recognized as a credit loss allowance on the balance sheet with a corresponding adjustment to earnings, limited by the amount that the fair value is less than the amortized cost basis. Both the credit loss allowance and adjustment to net income can be reversed if conditions change.

For our debt securities classified as held-to-maturity, non-credit related unrecognized gains and losses are not recorded in the financial statements until realized. Effective upon the adoption of ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses, management is required to estimate held-to-maturity expected credit related losses and recognize a credit loss allowance on the balance sheet with a corresponding adjustment to earnings. Any adjustments to the estimated expected credit related losses are recognized through earnings and adjustments to the credit loss allowance.

#### Prior Year Development

The Company recorded favorable prior accident year development of \$8.5 million in the three months ended September 30, 2024. The table below sets forth the favorable development for the three and nine months ended September 30, 2024 and 2023 for accident years 2019 through 2023 and, collectively, for all accident years prior to 2019.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in millions)			
<b>Accident Year</b>				
2023	\$ —	\$ —	\$ —	\$ —
2022	0.5	—	1.8	—
2021	0.8	2.9	2.2	4.4
2020	1.3	2.4	4.8	5.1
2019	0.9	1.4	2.4	7.3
Prior to 2019	5.0	3.5	14.0	14.4
<b>Total net development</b>	<b>\$ 8.5</b>	<b>\$ 10.2</b>	<b>\$ 25.2</b>	<b>\$ 31.2</b>

The table below sets forth the number of open claims as of September 30, 2024 and 2023, and the number of claims reported and closed during the three and nine months then ended.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Open claims at beginning of period	3,888	4,160	4,003	4,275
Claims reported	1,052	1,121	2,940	3,059
Claims closed	(1,032)	(1,059)	(3,035)	(3,112)
Open claims at end of period	<u>3,908</u>	<u>4,222</u>	<u>3,908</u>	<u>4,222</u>

The number of open claims at September 30, 2024 decreased by 314 claims as compared to the number of open claims at September 30, 2023. At September 30, 2024, our incurred amounts for certain accident years, primarily 2017 through 2022, developed more favorably than management previously expected. The revisions to the Company's reserves reflect new information gained by claims adjusters in the normal course of adjusting claims and is reflected in the financial statements when the information becomes available. It is typical for more serious claims to take several years or longer to settle and the Company continually revises estimates as more information about claimants' medical conditions and potential disability becomes known and the claims get closer to being settled. Multiple factors can cause both favorable and unfavorable loss development. The favorable loss development we experienced across accident years was largely due to favorable case reserve development from closed claims and claims where the worker had reached maximum medical improvement.

The assumptions we used in establishing our reserves were based on our historical claims data. However, as of September 30, 2024, actual results for certain accident years have been better than our assumptions would have predicted. We do not presently intend to modify our assumptions for establishing reserves in light of recent results. However, if actual results for current and future accident years are consistent with, or different than, our results in these recent accident years, our historical claims data will reflect this change and, over time, will impact the reserves we establish for future claims.

Our reserves for loss and loss adjustment expenses are inherently uncertain and our focus on providing workers' compensation insurance to employers engaged in hazardous industries results in our receiving relatively fewer but more severe claims than many other workers' compensation insurance companies. As a result of this focus on higher severity, lower frequency business, our reserve for loss and loss adjustment expenses may have greater volatility than other workers' compensation insurance companies. For additional information, see Item 1, "Business—Loss Reserves" in our Annual Report on Form 10-K for the year ended December 31, 2023.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the risk of potential economic loss principally arising from adverse changes in the fair value of financial instruments. The major components of market risk affecting us are credit risk, interest rate risk, and equity price risk. We currently have no exposure to foreign currency risk.

Since December 31, 2023, there have been no material changes in the quantitative or qualitative aspect of our market risk profile. For additional information regarding the Company's exposure to certain market risks, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2023.

**Item 4. Controls and Procedures.**

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report to provide reasonable assurance that information we are required to disclose in reports that are filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms specified by the SEC. We note that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving the stated goals under all potential future conditions.

Because of its inherent limitations, management does not expect that our disclosure controls and procedures and our internal controls over financial reporting will prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with policies and procedures may deteriorate. Any control system, no matter how well designed and operated, is based upon certain assumptions and can only provide reasonable, not absolute assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to errors or fraud will not occur or that all control issues and instances of fraud, if any within the Company, have been detected.

There have not been any changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

The Board of Directors initially authorized the Company's share repurchase program in February 2010. In October 2016, the Board reauthorized this program with no expiration date. As of September 30, 2024, we had repurchased a total of 1,682,851 shares of our outstanding common stock for \$42.0 million. There were 21,586 shares repurchased during the three months ended September 30, 2024 at a total cost of \$1.0 million or an average price of \$46.79, including commissions and excise tax. During the three months ended September 30, 2023, there were no shares repurchased. The Company had \$5.3 million available for future purchases at September 30, 2024 under this program. The purchases may be effected from time to time depending upon market conditions and subject to applicable regulatory considerations. It is anticipated that future purchases will be funded from available capital.

### **Item 5. Other Information.**

None of the Company's directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended September 30, 2024.

**Item 6. Exhibits.**

<b>Exhibit No.</b>	<b>Description</b>
31.1	<a href="#">Certification of G. Janelle Frost filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification of Anastasios Omiridis filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1	<a href="#">Certification of G. Janelle Frost and Anastasios Omiridis filed pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERISAFE, INC.

October 25, 2024

/s/ G. Janelle Frost  
G. Janelle Frost  
President, Chief Executive Officer and Director  
(Principal Executive Officer)

October 25, 2024

/s/ Anastasios Omiridis  
Anastasios Omiridis  
Executive Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)



## CERTIFICATIONS

I, G. Janelle Frost, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMERISAFE, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 25, 2024

/s/ G. Janelle Frost  
G. Janelle Frost  
President and Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATIONS

I, Anastasios Omiridis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMERISAFE, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 25, 2024

/s/ Anastasios Omiridis  
Anastasios Omiridis  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. § 1350,  
AS ADOPTED PURSUANT TO § 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the filing of the Quarterly Report on Form 10-Q of AMERISAFE, Inc., a Texas corporation (the "Company"), for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: October 25, 2024

/s/ G. Janelle Frost  
G. Janelle Frost  
President and Chief Executive Officer  
(Principal Executive Officer)

/s/ Anastasios Omiridis  
Anastasios Omiridis  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

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