

KINSALE®
CAPITAL GROUP

March 2024

Photo Credit: Baskervill

Disclaimer

This presentation contains or incorporates by reference forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include any statement that does not directly relate to historical or current facts. These statements may discuss, among other things, Kinsale's future financial performance, business prospects and strategy, anticipated financial position, liquidity and capital, dividends and general market and industry conditions. You can identify forward-looking statements by words such as “anticipates,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “believes,” “seeks,” “outlook,” “future,” “will,” “would,” “should,” “could,” “may,” “can have” and similar terms. Forward-looking statements are based on management’s current expectations and assumptions about future events, which are subject to uncertainties, risks and changes in circumstances that are difficult to predict. These statements are only predictions and are not guarantees of future performance. Forward-looking statements speak only as of the date on which they are made. Except as expressly required under federal securities laws or the rules and regulations of the SEC, Kinsale does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to Kinsale are expressly qualified by these cautionary statements.

To supplement Kinsale’s consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) and to better reflect period-over-period comparisons, Kinsale uses non-GAAP financial measures of performance and financial position that either exclude or include amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures do not replace and are not superior to the presentation of GAAP financial results but are provided to improve overall understanding of Kinsale’s current financial performance and its prospects for the future. Kinsale believes the non-GAAP financial results provide useful information to both management and investors regarding certain additional financial and business trends relating to financial condition and operating results. In addition, management uses these measures, along with GAAP information, for reviewing financial results and evaluating its historical operating performance. The non-GAAP adjustments for all periods presented are based upon information and assumptions available as of the date of this presentation. The non-GAAP information is not prepared in accordance with GAAP and may not be comparable to non-GAAP information used by other companies. For further discussion of the limitations of these non-GAAP financial measures and the reconciliations to the most directly comparable GAAP financial measures, see the Appendix to this presentation.

INTRODUCTION TO KINSALE



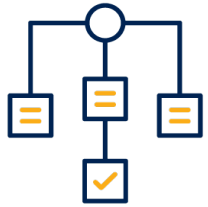
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Overview

Kinsale Capital Group, Inc., founded in 2009, is a specialty insurance company focused exclusively on the excess and surplus lines market in the United States.



Disciplined underwriting focused on small-account E&S market



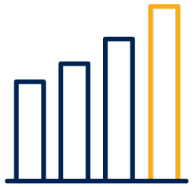
Maintain absolute control over underwriting and claims management processes



Leverage our proprietary technology to operate with a substantial cost advantage over competitors



Employ a quantitative approach—using analytics to drive profitability and operational efficiency



Well-positioned to generate strong returns and robust growth as we expand our 2% market share

Our goal is to provide long-term value to our stockholders by generating exceptional profit and growth.

Highly-Experienced Management Team

	Name	Experience	Prior experience
	**Michael Kehoe** *Founder, Chairman and Chief Executive Officer*	30+ years	President and Chief Executive Officer at James River Insurance from 2002 to 2008
	**Brian Haney** *President and Chief Operating Officer*	30+ years	Chief Actuary of James River Insurance from 2002 to 2009
	**Bryan Petrucelli** *Executive Vice President, Chief Financial Officer*	30+ years	Senior Manager in Ernst & Young's audit practice for over 13 years
	**Diane Schnupp** *Executive Vice President, Chief Information Officer*	30+ years	Principal Consultant Impact Makers, Inc. from 2016 to 2019; Chief Information Officer Capital Center, LLC from 2012 to 2016
	**Mark Beachy** *Executive Vice President, Chief Claims Officer*	30+ years	Group General Counsel at The Travelers Indemnity Company from 2018 to 2020; Managing Counsel at Travelers from 2006 to 2018

Kinsale's Stock Performance vs. the S&P 500

Year	Annual Percentage Change [1]	
	Kinsale [2]	S&P 500
2016	113.5	4.2
2017	33.2	21.8
2018	24.1	(4.4)
2019	83.7	31.5
2020	97.3	18.4
2021	19.2	28.7
2022	10.2	(18.1)
2023	28.3	26.3
Compounded Annual Gain – 2016-2023	51.2%	13.2%
Overall Gain – 2016-2023	2,052.6%	151.4%

(1) Data for 2016 begins with Kinsale's initial public offering date of July 28, 2016 and assumes reinvestment of dividends.

(2) Returns are calculated from the initial public offering price of $16.00 per share.

Select Market Information

As of December 31, 2023

Ticker	**KNSL**
Exchange	**New York Stock Exchange**
Stock Price	**$334.91**
Market Capitalization	**$7.8 billion**
Book Value	**$46.88 per share**
Debt to Total Capitalization Ratio	**14.6%**
Full-time Employees	**561**

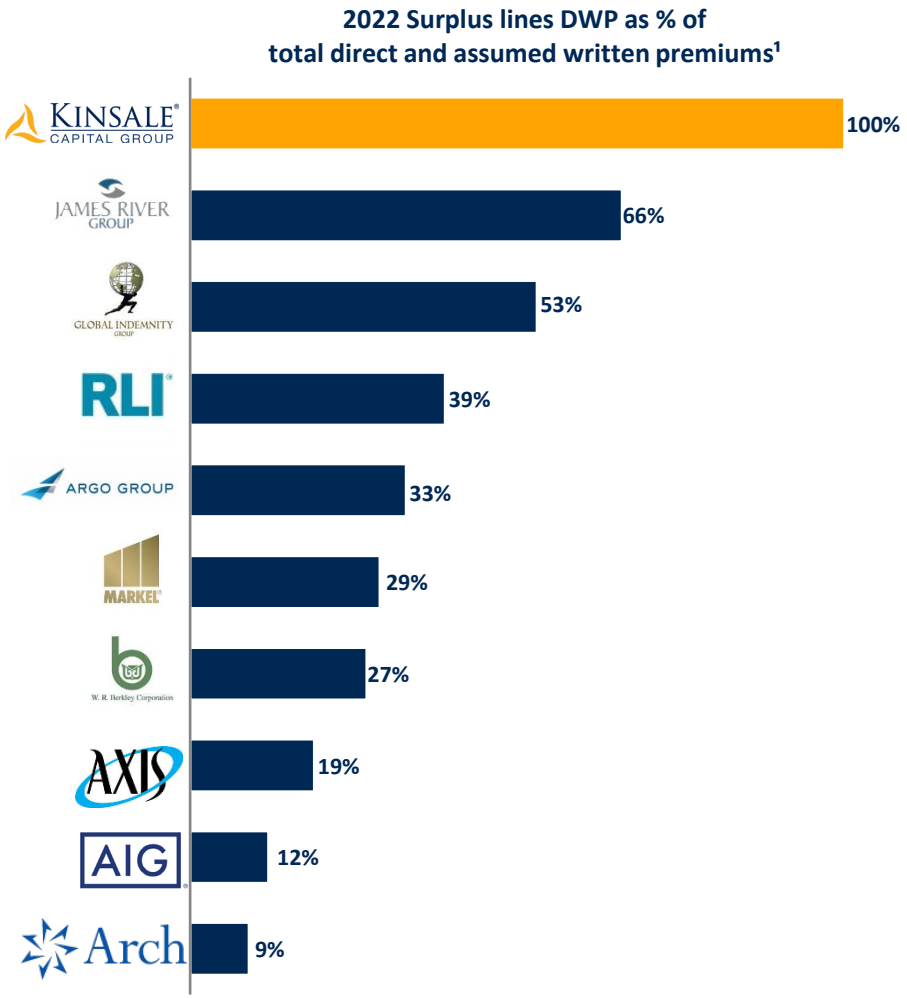
Our Approach

- Exclusive focus on the small-account E&S market
- Disciplined underwriting expertise across a broad spectrum of hard-to-place risks; no delegated underwriting authority
- Technology is a core competency, driving best-in-class expense ratio
- Use analytics to drive profitability and operational efficiency
- Entrepreneurial business culture with a close alignment of owners and employees
- Best combination of high growth and low combined ratio among peers[1]
- Well-positioned for continued profitable growth

[1] Public companies comprising the peer group are set forth on Page 15

Kinsale is the only publicly-traded, pure-play E&S investment opportunity

Leading public E&S players



Source: S&P Capital IQ

[1] Statutory surplus lines direct and assumed premiums written as defined by S&P Capital IQ

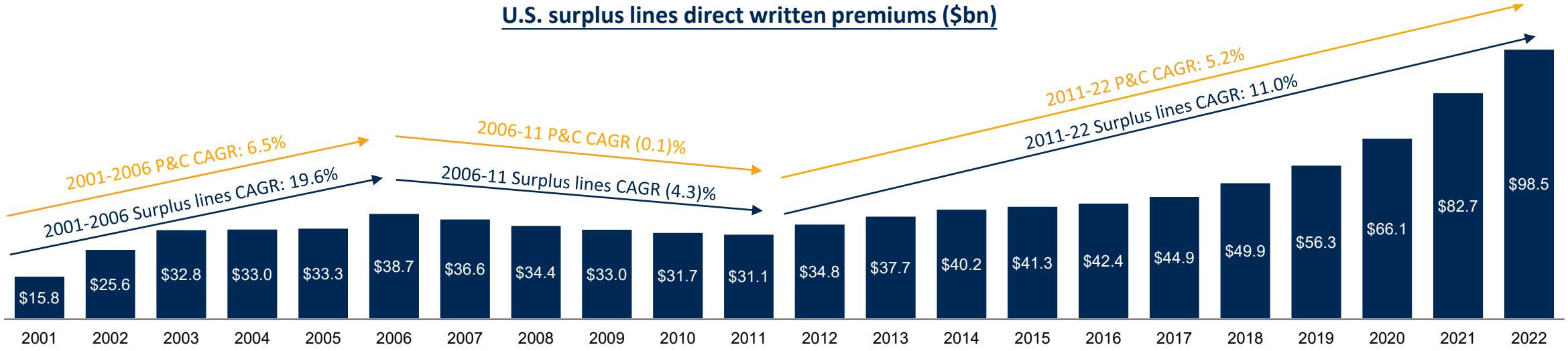
Our differentiating factors

- No delegated underwriting
- Low-cost business model
- Contrarian underwriting
- Quantitative decision making
- Rewarding the doers
- One location, in person

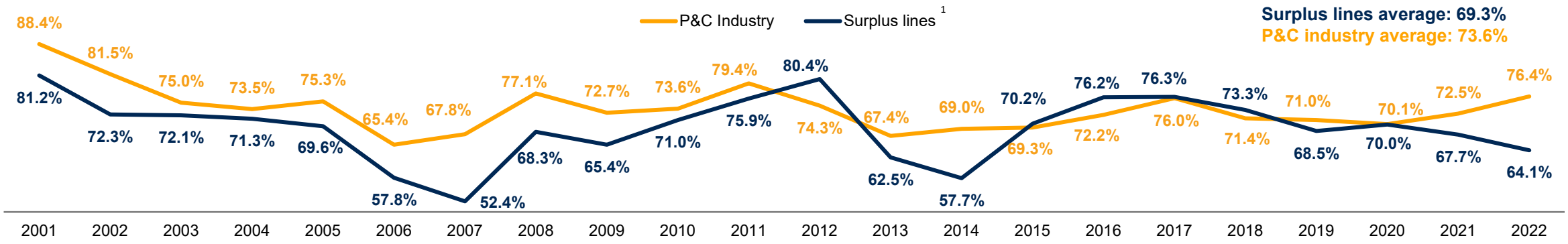
E&S Market

The E&S market has seen significant growth and generated better underwriting results than the broader P&C industry

U.S. surplus lines direct written premiums ($bn)



Net loss and LAE ratio – U.S. domestic professional surplus lines vs. P&C industry



Source: A.M. Best

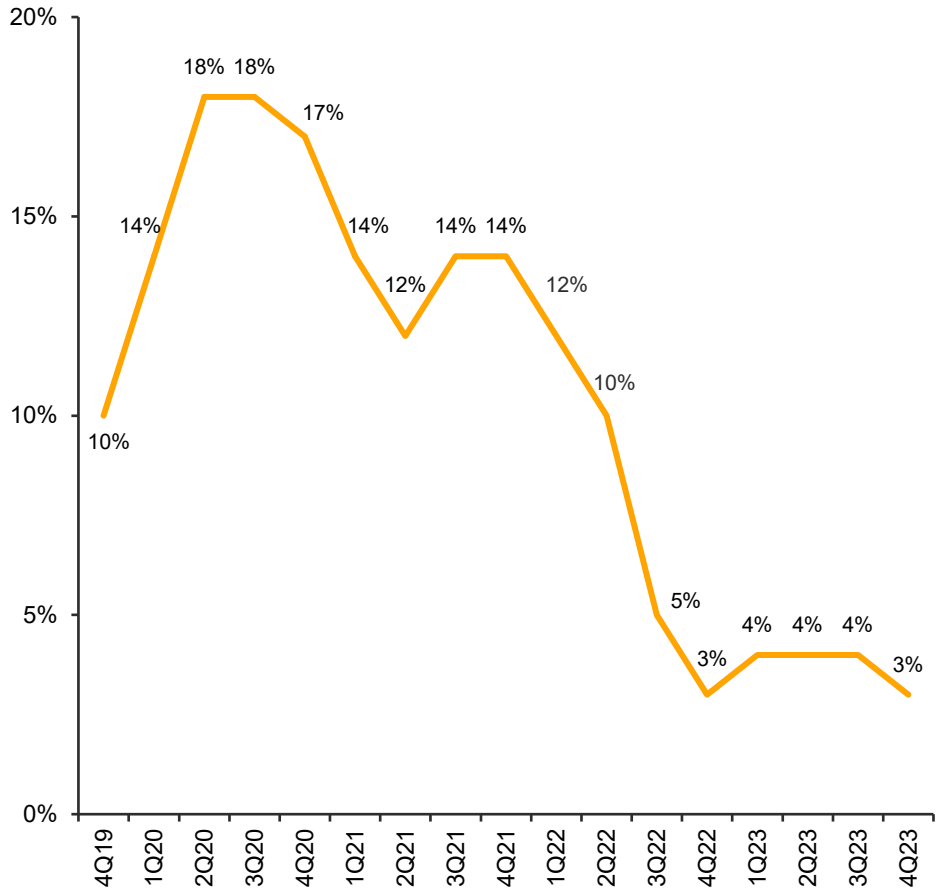
[1] Represents domestic professional surplus lines (DPSL) as defined by A.M. Best

Dislocation in the E&S market creates additional opportunities

2022 E&S market share by direct premiums written (DPW)[1]

Rank	Company	DPW ($mm)	Market Share
	Lloyd's	15,483	15.7%
1	BRK	6,904	7.0%
2	AIG	4,537	4.6%
3	MKL	3,836	3.9%
4	Fairfax	3,783	3.8%
5	WRB	3,214	3.3%
6	Nationwide	2,786	2.8%
7	Chubb	2,781	2.8%
8	Liberty Mutual	2,254	2.3%
9	XL America Cos.	2,031	2.1%
21	KINSALE CAPITAL GROUP	1,102	1.1%
	Other	49,777	50.6%
	Total E&S DPW	**$98,488**	**100.0%**

US composite insurance pricing change[2]

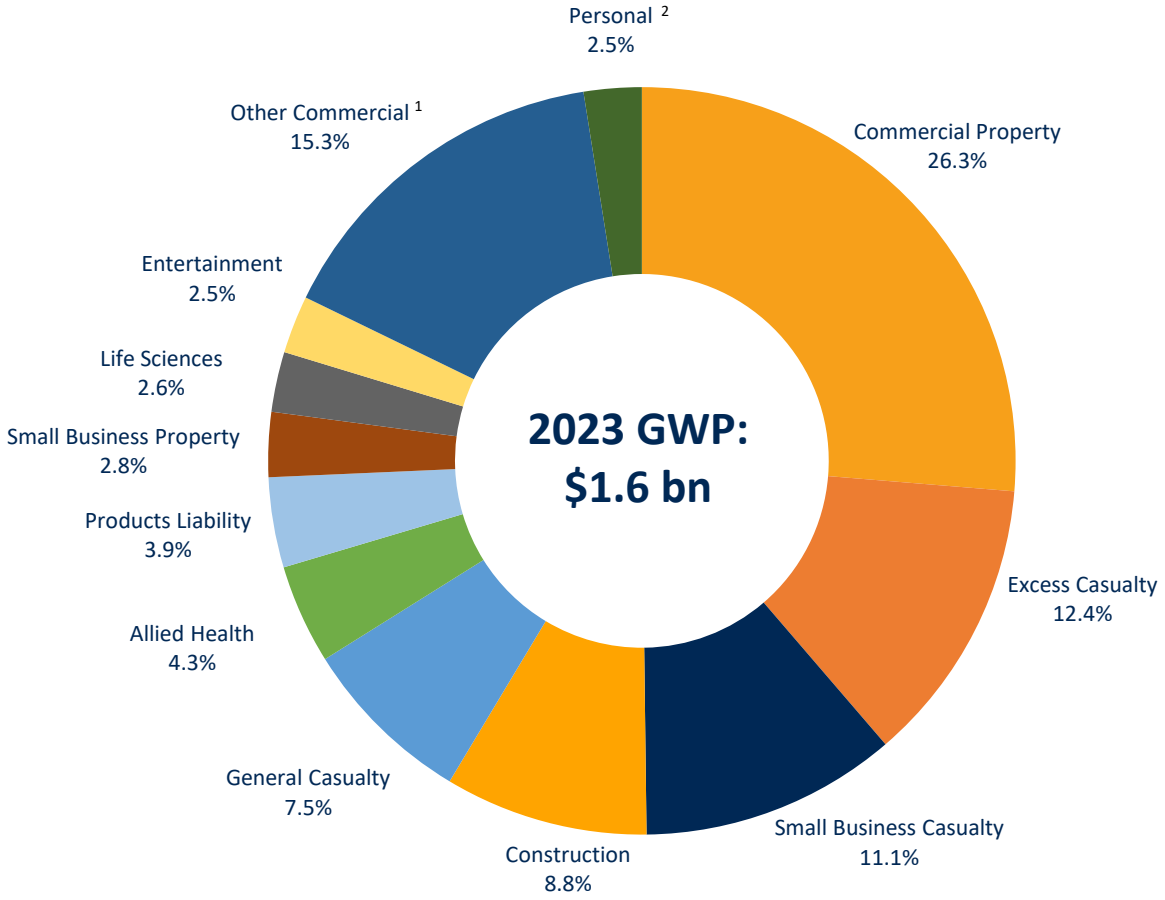


Kinsale is poised to benefit from the growing and progressively dislocated E&S market.

[1]Source: AM Best Market Segment Report; [2] Source: Marsh Global Analytics

Our underwriting expertise across a broad spectrum of hard-to-place risks

- Broad appetite to underwrite a diverse set of risks across the E&S market, including some difficult risks where we believe pricing may be attractive
- Highly experienced underwriting team individually underwrites each risk to appropriately price and structure solutions for insureds
- Utilize proprietary technology for efficient customer identification and attractive risk selection
- Balance broad risk appetite by maintaining a diversified book of smaller accounts with strong pricing and well-defined coverages
- Unlike many of our competitors, we do not extend underwriting authority to brokers, agents, or other third parties



[1] Includes Energy, Professional Liability, Management Liability, Environmental, Excess Professional Health Care, Public Entity, Commercial Auto, Inland Marine, Aviation, Ocean Marine, Product Recall and Railroad
[2] Includes Personal Insurance and High Value Homeowners

Product Portfolio

We target classes of business where our underwriters have extensive experience allowing us to compete effectively and earn attractive returns

Gross written premiums by division (000's)	Year Ended December 31, 2023	2022	2021	2021-2023 CAGR
Commercial:				
Commercial Property	$ 411,956	$ 181,505	$ 72,392	138.6%
Excess Casualty	194,049	147,485	108,487	33.7%
Small Business Casualty	174,080	149,366	112,553	24.4%
Construction	137,887	122,524	101,441	16.6%
General Casualty	118,745	69,784	36,037	81.5%
Allied Health	67,808	58,839	51,945	14.3%
Products Liability	61,786	60,374	55,070	5.9%
Small Business Property	43,893	21,002	6,160	166.9%
Life Sciences	41,379	41,346	40,487	1.1%
Entertainment	39,218	22,268	12,401	77.8%
Energy	38,637	32,217	19,710	40.0%
Professional Liability	35,743	30,313	22,626	25.7%
Management Liability	26,617	28,856	28,031	-2.6%
Environmental	25,938	19,455	13,584	38.2%
Excess Professional	24,033	22,826	21,340	6.1%
Health Care	20,378	16,916	11,156	35.2%
Public Entity	20,028	15,512	9,977	41.7%
Commercial Auto	19,050	5,950	977	341.6%
Inland Marine	18,669	14,396	9,752	38.4%
Aviation	6,453	4,424	2,099	75.3%
Ocean Marine	2,339	765	215	229.8%
Product Recall	1,637	1,419	810	42.2%
Railroad	15	-	-	n/a
Total commercial	1,530,338	1,067,542	737,250	44.1%
Personal:				
Personal Insurance	24,182	31,289	27,002	-5.4%
High Value Homeowners	14,295	3,261	121	986.9%
Total personal	38,477	34,550	27,123	19.1%
Total	$ 1,568,815	$ 1,102,092	$ 764,373	43.3%

Technology is a core competency

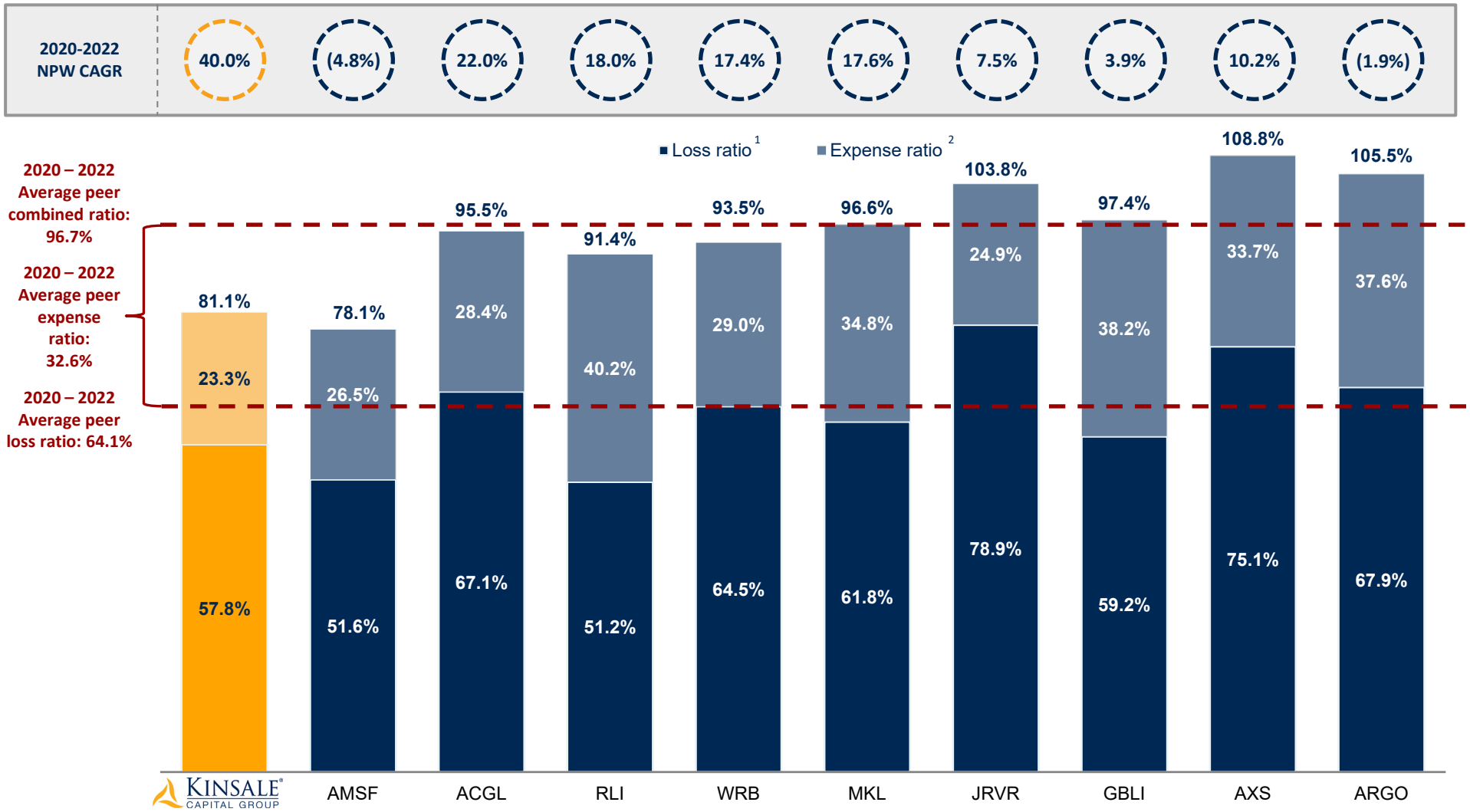


Key highlights

- Proprietary platform design ***reflects the best practices our management team*** has learned from extensive prior experience
- Integrated digital platform ***enables scale, reliability and performance throughout the organization***, promoting clear communication, accurate customer data, and operational efficiency
- Data warehouse systematically collects an ***array of statistical data*** throughout the underwriting process in order to inform future underwriting and business decisions
- Systems architecture minimizes costly data-entry steps and permits the underwriter to ***focus on underwriting the account accurately and rapidly***
- ***Agile development process*** allows our IT department to quickly release application updates across our platform
- ***Efficiency, accuracy, and speed*** in our systems enables a positive feedback loop across our team and creates a competitive advantage

We believe that our technology platform will provide us with an enduring competitive advantage as it allows us to quickly respond to market opportunities and will continue to scale as our business grows.

Our combined ratio is one of the lowest amongst our specialty insurer peers while achieving leading growth among peers



Source: S&P Capital IQ

[1] Average of full year loss ratios from 2020 to 2022; [2] Average of full year expense ratios from 2020 to 2022;

We believe Kinsale is well-positioned for continued profitable growth

Growth Drivers

- Expand our presence in the E&S market
- Focus on smaller accounts which we believe are subject to less competition
- Maintain a contrarian risk appetite
- Develop new product offerings where we have underwriting expertise
- Grow Aspera, our wholly-owned broker
- Leverage technology to drive efficiencies and improve service standards
- Maintain a strong balance sheet to ensure a platform for future growth

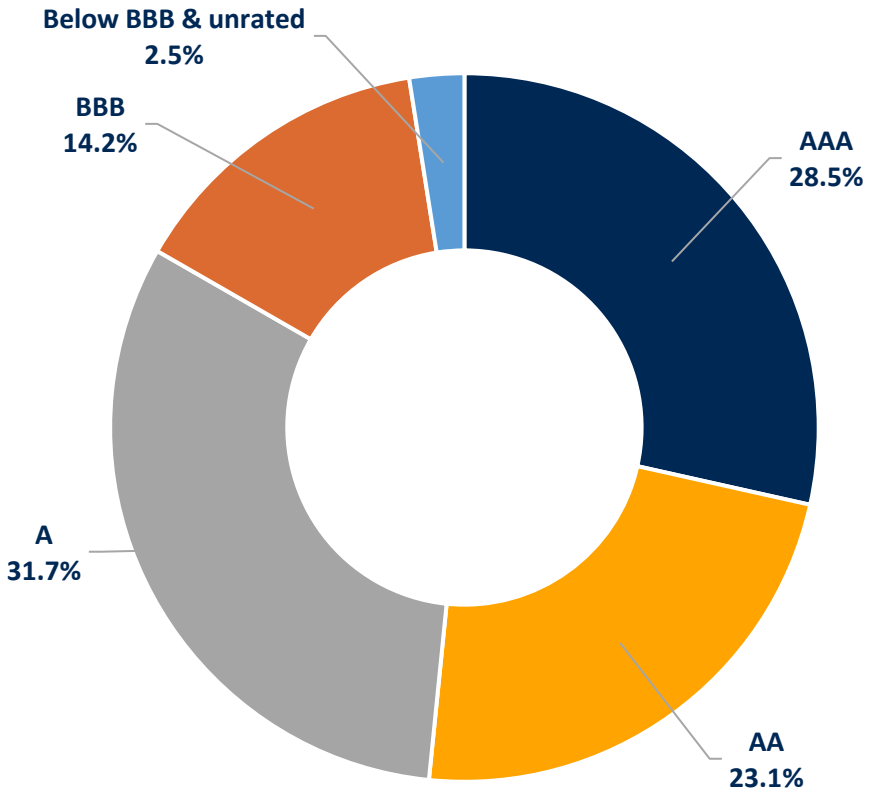


Source: Company filings; Note: [1] Net operating earnings is a non-GAAP financial measure. Please see Page 24: Non-GAAP reconciliation – Net Operating Earnings; [2] Represents Statutory Capital and Surplus ("C&S") of Kinsale Insurance Company; [3] CAGR of stockholders' equity, including cumulative dividends, net of proceeds from equity offerings.

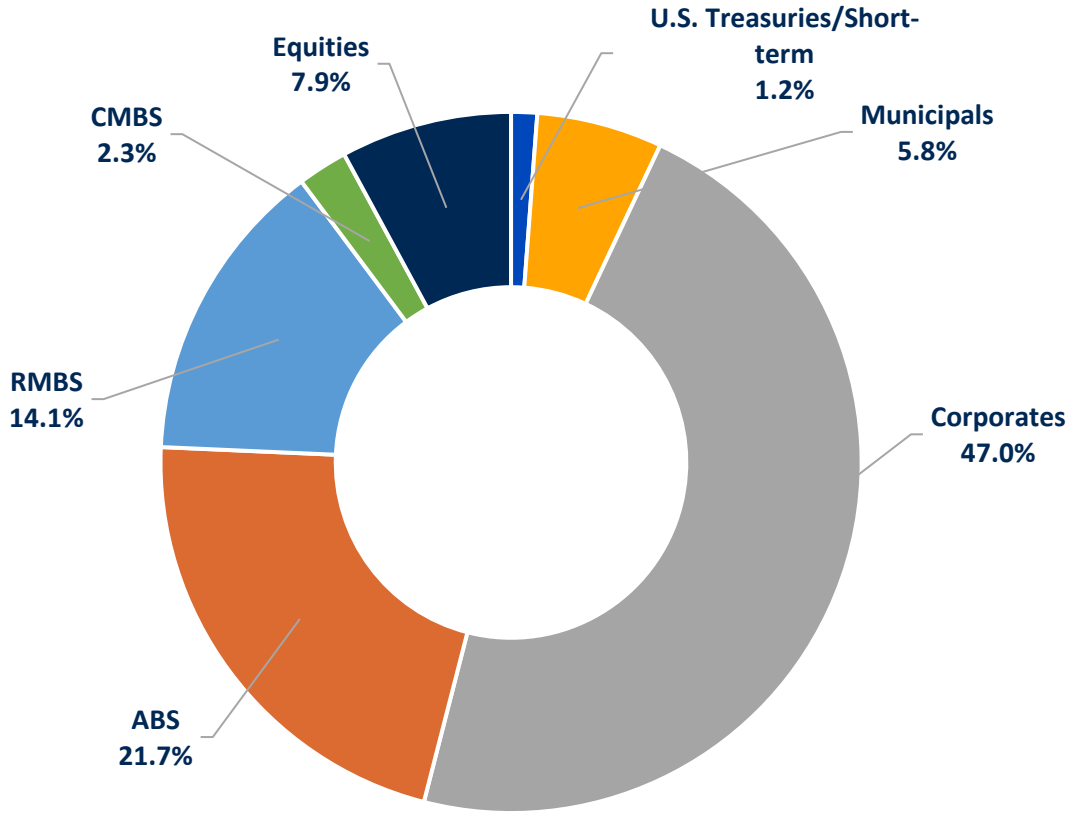
Investment Portfolio

$3.0 Billion Investment Portfolio[1] as of December 31, 2023

Credit Quality – Fixed-Maturity Portfolio



Asset Allocation – Total Investment Portfolio



Conservative, high-quality investment portfolio with an average credit quality of AA-

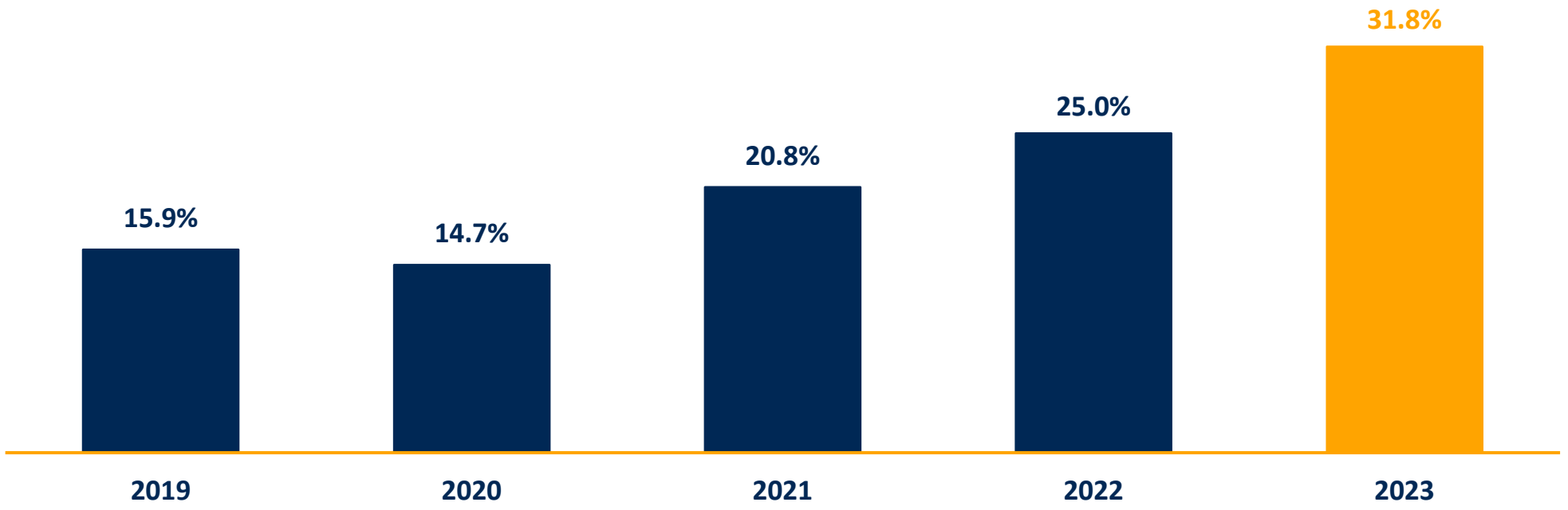
Note: [1] Excludes real estate investments of $14.8 million

FINANCIAL RESULTS



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Operating Return on Equity



Operating return on equity is net operating earnings expressed as a percentage of average beginning and ending stockholders' equity during the period. Net operating earnings is a non-GAAP financial measure, please see Page 24: Non-GAAP reconciliation – Net Operating Earnings.

Q4 2023 Financial Update

- Net income increased by 53.7% compared to the fourth quarter of 2022
- Net operating earnings[1] of $90.3 million increased by 49.6% compared to the fourth quarter of 2022
- Gross written premiums increased by 33.8% to $395.2 million compared to the fourth quarter of 2022
- Net investment income increased by 71.2% to $30.4 million compared to the fourth quarter of 2022
- Underwriting income[2] was $84.8 million in the fourth quarter of 2023, resulting in a combined ratio of 72.1%
- Operating return on equity[3] was 31.8% for the year ended December 31, 2023

(in $ millions)	Three months ended December 31, 2022	2023
Gross written premiums	$ 295.5	$ 395.2
Net earned premiums	216.1	296.8
Underwriting income[2]	59.5	84.8
Loss ratio	51.3%	52.2%
Expense ratio	21.8%	19.9%
Combined ratio	73.1%	72.1%
Net income	$ 67.2	$ 103.4
Net operating earnings[1]	60.3	90.3
Total stockholders' equity	745.4	1,086.8
Annualized operating return on equity[3]	35.4%	35.9%

[1] Net operating earnings is a non-GAAP financial measure, please see Page 24: Non-GAAP reconciliation – Net Operating Earnings; [2] Underwriting income is a non-GAAP financial measure, please see Page 23: Non-GAAP reconciliation – Underwriting Income; [3] Annualized operating return on equity is net operating earnings expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period.

Selected Financial Data

	Year ended December 31,				
($000's)	**2019**	**2020**	**2021**	**2022**	**2023**
Operating Results:					
Gross written premiums	$389,694	$552,814	$764,373	$1,102,092	$1,568,815
Underwriting income [1]	43,201	54,656	133,564	175,488	270,374
Net operating earnings [2]	53,245	72,313	132,404	180,363	291,400
Return on equity	18.9%	18.0%	23.9%	22.0%	33.6%
Operating return on equity [3]	15.9%	14.7%	20.8%	25.0%	31.8%
Loss ratio	58.7%	62.6%	54.4%	56.3%	54.6%
Expense ratio	26.3%	24.4%	23.2%	22.2%	20.8%
Combined ratio	85.0%	87.0%	77.6%	78.5%	75.4%
Financial Position:					
Cash and invested assets	$908,234	$1,288,555	$1,685,717	$2,186,569	$3,093,646
Stockholders' equity	405,880	576,238	699,335	745,449	1,086,832
Book value per share	18.28	25.32	30.63	32.28	46.88

[1] Underwriting income is a non-GAAP financial measure, please see Page 23: Non-GAAP reconciliation – Underwriting Income; [2] Net operating earnings is a non-GAAP financial measure, please see Page 24: Non-GAAP reconciliation – Net Operating Earnings; [3] Operating return on equity is net operating earnings expressed as a percentage of average beginning and ending stockholders' equity during the period.

APPENDIX



Photo Credit: Baskervill

Non-GAAP Reconciliation – Underwriting Income

	Year ended December 31,				
($000's)	**2019**	**2020**	**2021**	**2022**	**2023**
Net income	$63,316	$88,419	$152,659	$159,114	$308,093
Income tax expense	12,735	11,994	36,142	36,450	75,924
Income before income taxes	76,051	100,413	188,801	195,564	384,017
Net investment income	(20,133)	(26,110)	(31,048)	(51,282)	(102,335)
Change in the fair value of equity securities	(12,389)	(16,855)	(22,812)	27,723	(15,277)
Net realized investment gains	(359)	(3,533)	(2,828)	(1,191)	(6,040)
Change in allowance for credit losses on investments	-	-	-	366	187
Interest expense	-	168	994	4,284	10,301
Other expenses [1]	57	1,207	669	721	942
Other income	(26)	(634)	(212)	(697)	(1,421)
Underwriting income	$43,201	$54,656	$133,564	$175,488	$270,374

[1] Other expenses are comprised of corporate expenses not allocated to the Company's insurance operations.

Non-GAAP Reconciliation – Net Operating Earnings

	Year ended December 31,				
($000's)	2019	2020	2021	2022	2023
Net income	$63,316	$88,419	$152,659	$159,114	$308,093
Adjustments:					
Change in the fair value of equity securities, before taxes	(12,389)	(16,855)	(22,812)	27,723	(15,277)
Income tax expense (benefit) [1]	2,602	3,540	4,791	(5,822)	3,208
Change in the fair value of equity securities, after taxes	(9,787)	(13,315)	(18,021)	21,901	(12,069)
Net realized investment gains, before taxes	(359)	(3,533)	(2,828)	(1,191)	(6,040)
Income tax expense [1]	75	742	594	250	1,268
Net realized investment gains, after taxes	(284)	(2,791)	(2,234)	(941)	(4,772)
Change in allowance for credit losses on investments, before taxes	-	-	-	366	187
Income tax benefit [1]	-	-	-	(77)	(39)
Change in allowance for credit losses on investments, after taxes	-	-	-	289	148
Net operating earnings	$53,245	$72,313	$132,404	$180,363	$291,400
Average stockholders' equity	$334,933	$491,059	$637,787	$722,392	$916,141
Operating return on equity [2]	15.9%	14.7%	20.8%	25.0%	31.8%

[1] Income taxes on adjustments to reconcile net income to net operating earnings use an effective tax rate of 21%; [2] Operating return on equity is net operating earnings expressed as a percentage of average beginning and ending stockholders' equity during the period.