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Zacks Small-Cap Research

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Global Indemnity Group (GBLI-NYSE)

GBLI: The company reported 2nd quarter 2023 earnings which showed significant underwriting improvement from the 1st quarter of 2023. Book yield on the fixed income portfolio continues to increase.

Utilizing a scenario analysis methodology for future projections of book value per share, we believe GBLI is worth approximately $60.00 per share. Various industry wide dynamics could materially increase or decrease that value.

Current Price (08/8/23)	$35.20
Valuation	**$60.00**

OUTLOOK

Global Indemnity Group, LLC, provides specialty and niche insurance products nationwide. GBLI focuses on small to middle market casualty business. The company has made a concerted effort to reduce its property exposure. The company's largest business within its Commercial Specialty segment targets small business written on an excess and surplus lines basis. The company has excess capital of approximately $150 million. Global Indemnity is expected to return to profitability in 2023. We believe GBLI stock is undervalued and should trade at a small premium to book value.

SUMMARY DATA

52-Week High	**$35.70**
52-Week Low	**$20.52**
One-Year Return (%)	**45.30**
Beta	**0.43**
Average Daily Volume (sh)	**10,924**
Shares Outstanding (mil)	**13.522**
Market Capitalization ($mil)	**$480.8**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**88**
Insider Ownership (%)	**44**
Annual Cash Dividend	**$1.00**
Dividend Yield (%)	**2.89**
5-Yr. Historical Growth Rates	
Sales (%)	**7.2**
Earnings Per Share (%)	**N/A**
Dividend (%)	**0.0**
P/E using TTM EPS	**N/A**
P/E using 2022 Estimate	**N/A**
P/E using 2023 Estimate	**14.6**

Risk Level	**Low**
Type of Stock	**Small-Value**
Industry	**Insurance**

ZACKS ESTIMATES

Revenue
(In millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2020	87 A	179 A	160 A	158 A	584 A
2021	158 A	164 A	167 A	189 A	678 A
2022	130 A	148 A	194 A	156 A	628 A
2023	151 A	142 A	148 E	143 E	584 E

EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2020	-$3.13 A	$2.61 A	-$1.06 A	$0.08 A	-$1.48 A
2021	$0.37 A	$0.43 A	-$0.54 A	$1.71 A	$1.97 A
2022	-$1.03 A	-$0.84 A	$1.60 A	$0.16 A	-$0.09 A
2023	$0.17 A	$0.67 A	$0.79 E	$0.80 E	$2.44 E

Quarterly revenues may not equal annual revenues due to rounding. Quarterly EPS may not equal annual EPS due to rounding, dilution or intangibles.

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WHAT'S NEW

Financial Review

Global Indemnity Group reported 2nd quarter 2023 financial and operating results on August 8th which showed improved underwriting results on a sequential basis. Net Earned Premiums of $129.2 million were slightly behind expectations due to a planned reduction in the Targeted Special E&S lines to eliminate unprofitable wholesale business.

In the 2nd quarter, Commercial Specialty gross written premiums and net written premiums decreased 9.2% and 7.8%, respectively compared to the prior year period. The decrease in gross written premiums and net written premiums was primarily driven by the non-renewal of a restaurant book of business as well as proactive moves taken to improve underwriting results by nonrenewing underperforming business. This was partially offset by increased pricing.

Package Specialty E&S, the company's primary division within the Commercial Specialty segment increased gross written premiums (excluding terminated business) by 13.0% in the 2nd quarter when compared to the prior year period. This increase was primarily driven by driven by new agency appointments, strong rate increases as well as increased exposure growth in both property and general liability.

Targeted Specialty E&S, a division within the company's Commercial Specialty segment, gross written premiums excluding terminated business decreased by 28.4% in the quarter compared to the prior year period. This was driven by actions taken to improve underwriting results by not renewing underperforming business.

The other part of Continuing Lines is Reinsurance Operations where gross written premiums and net written premiums both decreased 68.1% in the 2nd quarter. The reduction in gross written premiums and net written premiums was primarily due to the non-renewal of a major casualty treaty in 2022.

For the Exited Lines segment, gross written premiums and net written premiums decreased 100.2% and 103.5%, respectively, during the 2nd quarter. The decrease in gross written premiums and net written premiums was primarily due to divesting the manufactured home & dwelling and farm businesses in 2022.

On a consolidated basis, underwriting income for the company was $4.3 million in the 2nd quarter compared to $2.1 million in the prior year period. Underwriting results in the quarter significantly improved from the 1st quarter of 2023. In particular, Commercial Specialty's accident year loss ratio, which was 62.9% for the 1st quarter of 2023 due to fire losses in vacant properties in the Los Angeles area, improved to 57.5% in the 2nd quarter of 2023.

The consolidated combined ratio was 97.0% for the 2nd quarter (*Loss Ratio 60.5%, Expense Ratio 36.5%*) which compared to 98.7% (*Loss Ratio 59.5%, Expense Ratio 39.2%*) for the 2nd quarter of 2022. The accident year combined ratio for Continuing Lines was 94.9% for the 2nd quarter (*Loss Ratio 58.7%, Expense Ratio 36.2%)* as compared to 96.8% (*Loss Ratio 59.4%, Expense Ratio 37.4%)* for the 2nd quarter of 2022. The calendar year combined ratio for Continuing Lines was 100.0% for the 2nd quarter of 2023, (*Loss Ratio 63.6%, Expense Ratio 36.4%*) as compared to 94.4% (*Loss Ratio 56.8%, Expense Ratio 37.6%)* for 2nd quarter of 2022. The calendar year combined ratio for Continuing Lines was impacted by loss reserve strengthening primarily driven by the restaurant book of business that was not renewed as well as strengthening related to other non-renewed business.

For the Continuing Lines business, the accident year casualty loss ratio improved by 0.2 points to 59.7% in 2023 from 59.9% in 2022 primarily due to lower claims frequency within the Commercial Specialty segment. The consolidated accident year casualty loss ratio increased by 0.4 points to 59.8% in 2023

from 59.4% in 2022 mainly due to higher claims severity and an increase in the expected loss ratio in Exited Lines.

For the Continuing Lines business, the accident year property loss ratio improved by 1.8 points to 56.3% in 2023 from 58.1% in 2022. The consolidated accident year property loss ratio improved by 4.3 points to 61.9% in 2023 from 66.2% in 2022. The improvement in the Continuing Lines and the Consolidated accident year property loss ratios is primarily due to lower non-catastrophe claims frequency.

The company provides a Non-GAAP adjusted operating income figure in order to provide an underlying metric for the health of the core Continuing Lines businesses. Adjusted operating income excludes exited lines underwriting losses, realized investment losses, as well as other extraordinary gains and losses. The 2nd quarter 2022 adjusted operating income was $6.9 million, or $0.50 per diluted share, which is a significant improvement from $4.2 million in adjusted operating income and $0.28 per diluted share in the prior year period.

Net investment income increased to $13.2 million in the 2nd quarter of 2023 which compares to $1.9 million in the 2nd quarter of 2022. The increase in net investment income was primarily due to the strategies undertaken by the company in April 2022 to take advantage of rising interest rates, which resulted in a 65% increase in book yield over time on the fixed income portfolio to 3.8% as of June 30, 2023 from 2.3% as of March 31, 2022. Average duration of these securities was shortened to 1.4 years at June 30, 2023 from 3.3 years as of March 31, 2022.

Approximately $900 million of cash flow, or roughly 70% of the fixed income portfolio, will be generated from maturities and investment income between June 30, 2023 and December 31, 2024, which positions the company to continue to increase book yield by investing maturities in higher yielding bonds. Some of this cash flow is being reinvested at rates above 5.0%. It's possible that the total fixed income book yield could increase to the mid-4.0% range in 2024.

Book value per share was $46.03 at the end of the 2nd quarter, compared to $45.68 at the end of the 1st quarter of 2023 and $44.87 as of 12/31/2022. The increase was primarily due to consolidated net income of $9.2 million and share buybacks in the quarter totaling $5.6 million. Approximately 200,000 shares were repurchased at an average cost of $28.00 per share. Share buybacks for the 1st half of 2023 totaled $12.7 million.

In the 4th quarter of 2022, the company announced it would begin a stock repurchase program before the end of the year. Repurchases of up to $32 million (since increased to $135 million) of GBLI's outstanding Common A Shares were authorized with an expiration of December 31, 2027. Share repurchases in the 2nd quarter of 2023 totaled $5.6 million.

Acquisition Interest

On June 9th, 2023, the company announced multiple parties have indicated preliminary interest in exploring an acquisition of, or merger with Penn-America, Global Indemnity's insurance group, or an acquisition of, or merger with the company itself. The company is responding to certain of these preliminary indications of interest, but no further update or information was provided on the 2nd quarter 2023 earnings call.

Valuation and Estimates

We are increasing our full year 2023 EPS estimate to $2.44 due to improved underwriting results experienced in the 2nd quarter and a lower share count. This may prove to be conservative if the company's combined ratio on its Continuing Lines continues to decline more rapidly than expected. The company is currently selling at 76.0% of book value based on June 30, 2023 shareholders' equity. There are no changes to our valuation target of **$60.00** at this time as we believe that in the long term, the company can trade at a small premium to future book value per share.

KEY INVESTMENT POINTS



Source: investors.gbli.com

- Global Indemnity Group, LLC (NYSE:GBLI) is a specialty property and casualty insurance company that has been operating nationwide since the early 2000's.
- The company is led by an experienced management team, including a new Chief Executive who has decades of experience in the property & casualty insurance business.
- The company operates through two primary segments: Commercial Specialty and Reinsurance Operations. It also has an Exited Lines segment.
- Commercial Specialty targets specific, defined groups of insureds predominantly in the excess and surplus lines, or non-admitted, small to middle marketplace.
- The Reinsurance Operations segment provides reinsurance solutions through primary writers including insurance and reinsurance companies. The company anticipates that its Reinsurance Operations will comprise a smaller percentage of the overall business going forward.
- Exited Lines represents lines of business that are no longer being written or are in runoff.
- The company has a solid liquidity position as of the end of the 2nd quarter of 2023 with $45.4 million in unrestricted cash and equivalents and $1.32 billion in investments, primarily comprised of highly liquid fixed income investments.
- The company has no debt as $130 million of subordinated debt was retired in April 2022.
- GBLI currently has a market capitalization of $471 million and is expected to generate $583 million in total revenues in 2023.
- Based on the most recent reported results as of 6/30/23, the company is selling at 76% of book value. Using a future book value scenario analysis valuation methodology, we place a value for GBLI at **$60.00** per share.

COMPANY OVERVIEW

During the fourth quarter of 2022, the company decided to restructure its insurance operations in an effort to strengthen its market presence and enhance its focus on GBLI's core Wholesale Commercial and InsurTech products. As a result, the company exited its four brokerage divisions: Professional Liability, Excess Casualty, Environmental, and Middle Market Property. The company will cease writing new business and existing renewals will be placed in run-off for these four divisions.

The company provides its insurance products across a full distribution network that includes wholesale general agents, wholesale brokers, and retailers. The company's Commercial Specialty products are distributed through approximately 360 wholesale general agent and wholesale broker offices. One agent provided 10.3% of Commercial Specialty's gross written premiums. No other agent or broker accounted for more than 10% of gross written premiums within the Commercial Specialty segment for the year ended December 31, 2022.

On August 8, 2022, the company sold the renewal rights related to its Farm, Ranch & Stable business for policies written on or after August 8, 2022 to Everett Cash Mutual Insurance Company. During the 2nd quarter of 2022, the company decided that Farm, Ranch & Stable would not be a core business and a decision was made to not allocate additional resources to this segment. Previously, on October 26, 2021, the company sold the renewal rights related to its manufactured and dwelling homes business which were part of the Specialty Property segment.

In 2021, the company decided to cease writing certain Property Brokerage business which was part of the Commercial Specialty segment, as well as exit certain property and catastrophe lines within the Reinsurance Operations segment. In the fourth quarter of 2022, the company also decided it will reduce writings within its Reinsurance Operations segment. Based on the decisions to exit or downsize these lines of business, the company changed the way it manages and analyzes its operating results. The chief operating decision makers decided they will be reviewing the specific results of the Exited Lines in a separate segment. The chief operating decision makers also determined that the small amount of specialty property business that remained from the Specialty Property segment would be included as a product offering in the commercial Specialty segment for purpose of reviewing results and allocating resources. Several smaller reinsurance treaties have also been reclassified from Reinsurance to commercial Specialty. The Reinsurance Operations segment writes casualty treaties as well as individual excess policies.

Accordingly, the company has three reportable segments: Commercial Specialty, Reinsurance Operations, and Exited Lines. Management believes these segments allow users of the Company's financial statements to better understand the company's performance, better assess prospects for future net cash flows, and make more informed judgments about the Company as a whole. The segment results for 2021 and 2020 have been revised to reflect these changes.

Everett Cash Mutual Insurance Company also acquired the Company's wholly owned subsidiary, American Reliable Insurance Company, on December 31, 2022 for an amount equal to book value, which was $10.0 million, at the time of closing.

SEGMENTS & BUSINESS UNITS

Commercial Specialty

Commercial Specialty's insurance products target specific, defined groups of insureds with customized coverage to meet their needs. The primary business divisions within the Commercial Specialty segment include:

- Package Specialty, which distributes property and general liability products for small commercial businesses through a select network of wholesale general agents. Examples of small businesses served are apartments, bars, contractors, other small retail operations, and niche businesses.

- Targeted Specialty which includes InsurTech products including Collectibles.com, digital direct-to-consumer insurance coverage for owners of collections, and VacantExpress, insurance coverage

for owners of properties under construction, under renovation or vacant, distributed through wholesale general agents and retail agents as well as certain wholesale agents.

The company provides its insurance products across a full distribution network that includes wholesale general agents, wholesale brokers, and retailers. The company's Commercial Specialty products are distributed through approximately 360 wholesale general agent and wholesale broker offices. One agent provided 10.3% of Commercial Specialty's gross written premiums. No other agent or broker accounted for more than 10% of gross written premiums within the Commercial Specialty segment for the year ended December 31, 2022.

In 2022, gross written premiums for the Commercial Specialty segment were $401.0 million compared to $373.6 million for 2021. For 2022, surplus lines business accounted for approximately 90% of the business written while specialty admitted business accounted for the remaining 10%.

Reinsurance Operations

The company's Reinsurance Operations segment provides reinsurance solutions through brokers and primary writers, including insurance and reinsurance companies. Prior to the redomestication transaction, the company's Reinsurance Operations consisted solely of the operations of its Bermuda-based wholly owned subsidiary, Global Indemnity Reinsurance. As part of the redomestication transactions, Global Indemnity Reinsurance was merged into Penn-Patriot Insurance Company with Penn-Patriot being the surviving entity. The business is focused on using its capital capacity to write casualty and specialty-focused contracts.

The company's assumed premiums on one treaty accounted for 93.7% of the Reinsurance Operations' 2022 gross written premiums. This same treaty accounted for 10% or more of the Company's consolidated revenues for the year ended December 31, 2022. To support growth in the Company's Commercial Specialty segment and provide capital for business initiatives including share repurchases, a decision was made to reduce writings in its Reinsurance Operations. The company anticipates that its Reinsurance Operations will comprise a smaller percentage of the company's overall business prospectively.

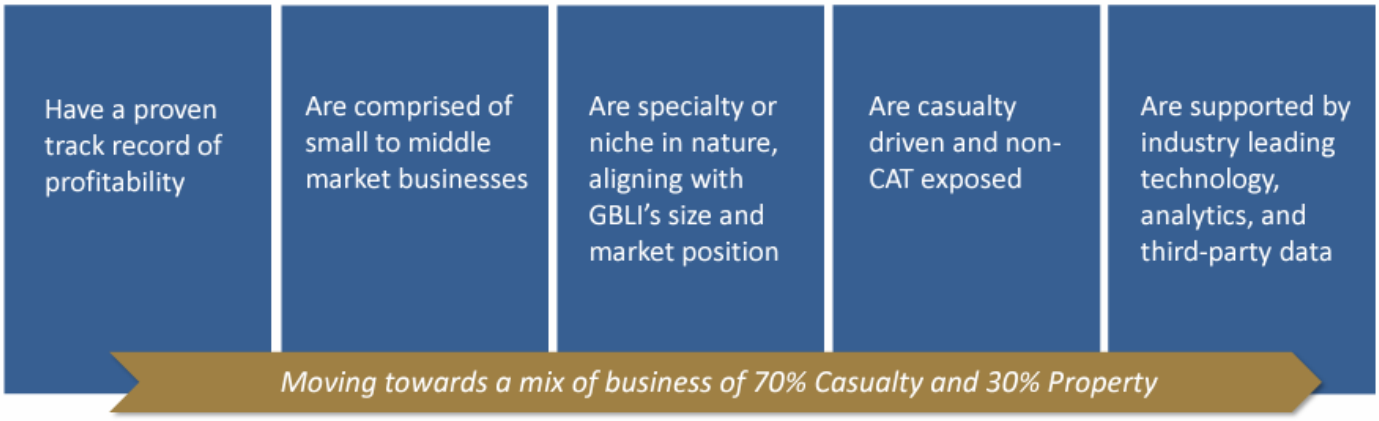
In 2022, gross written premiums were $158.7 million compared to $103.7 million for 2021. In early 2023, a large casualty treaty was not renewed and net written premiums in this segment are expected to decline significantly in 2023. Reinsurance gross written premiums in the 1st half of 2023 were $38.3 million compared to $87.5 million in the 1st half of 2022.

Exited Lines

The company's Exited Lines segment represents lines of business that are no longer being written or are in runoff. Exited Lines includes specialty personal lines and property and casualty products such as manufactured homes, dwelling, motorcycle, watercraft, certain homeowners' business, certain business within property brokerage, farm, ranch and equine business, and property and catastrophe reinsurance treaties. The renewal rights related to the company's manufactured home and dwelling products, which are included in Exited Lines, were sold during the fourth quarter of 2021. The renewal rights related to the farm, ranch and equine business were sold during the third quarter of 2022 and are also included in Exited Lines.

The manufactured home, dwelling, motorcycle, watercraft, certain homeowners, and farm, ranch and equine products within Exited Lines operated primarily in the standard or admitted markets. These insurance products were either underwritten through limited binding authority or by internal personnel. The property brokerage product within Exited Lines operated predominantly in the excess and surplus lines or non-admitted markets. The property and catastrophe reinsurance treaties within Exited Lines were distributed through brokers on a direct basis. GBLI made a concerted effort to reduce its catastrophe exposure, particularly in areas prone to hurricanes and wildfires.

In addition, the discontinued lines of Environmental, Excess Casualty and Professional were added to Exited Lines in early 2023.



Source: GBLI Investor Presentation

RECENT STRATEGY & OBJECTIVES

The company is restructuring its insurance operations in an effort to strengthen its market presence and enhance its focus on GBLI's core Wholesale Commercial and InsurTech products. As a result, the company exited its four brokerage divisions: Professional Liability, Excess Casualty, Environmental, and Middle Market Property. The Company ceased writing new business and existing renewals will be placed in run-off for these four divisions. To support growth in the company's Commercial Specialty segment and provide capital for business initiatives including share repurchases, a decision was made to reduce writings in its Reinsurance Operations.

The company anticipates that its Reinsurance Operations will comprise a smaller percentage of the Company's overall business prospectively. The restructuring plan was initiated in the fourth quarter of 2022 and was completed in the first quarter of 2023. The Company incurred restructuring charges of $3.4 million in the 4th quarter of 2022 and $2.1 million in the 1st quarter of 2023 for a total of $5.5 million. The Company anticipates recurring annual expense savings of $16.0 million beginning in 2023. Professional Liability, Excess Casualty, Environmental, and Middle Market Property will be reported in the Exited Lines Segment. Any information technology initiatives related to business lines within Exited Lines have been discontinued.

RISKS

- If actual claims payments exceed the company's reserves for losses and loss adjustment expenses, the company's financial condition and results of operations could be adversely affected. The company's ultimate success depends upon its ability to accurately assess the risks associated with the insurance and reinsurance policies that it writes. The company establishes reserves on an undiscounted basis to cover its estimated liability for the payment of all losses and loss adjustment expenses incurred with respect to premiums earned on the insurance policies that it writes.

Reserves do not represent an exact calculation of liability, but reserves are estimates of what the company expects to be the ultimate cost of resolution and administration of claims under the insurance policies that it writes.

- The occurrence of natural or man-made disasters, as well as global pandemics, could result in declines in business and increases in claims that could adversely affect the company's business, financial condition, and results of operations. The company is exposed to various risks arising out of natural disasters, including earthquakes, hurricanes, fires, floods, landslides, tornadoes, typhoons, tsunamis, hailstorms, explosions, climate events, public health crises, illness, epidemics or pandemic health events. In addition, man-made disasters may occur which include acts of terrorism, military actions, cyber-terrorism, explosions, and biological, chemical or radiological events.

- A decline in ratings for any of the company's insurance or reinsurance subsidiaries could adversely affect its position in the insurance market by making it more difficult to sell its insurance products which would cause premiums and earnings to decrease. If the rating of any of the company's insurance companies is reduced from its current level of "A" (Excellent) by AM Best, the company's competitive position in the insurance industry could suffer, and it could be more difficult to market its insurance products. A downgrade could result in a significant reduction in the number of insurance contracts the company writes and in a substantial loss of business as that business could move to other competitors with higher ratings.

- The company's investment performance may suffer as a result of adverse capital market developments or other factors, which would in turn adversely affect its financial condition and results of operations. The company derives a significant portion of its income from its invested assets, therefore, the company's overall operating results depend, in part, on the performance of its investment portfolio. The company's operating results are subject to a variety of investment risks, including risks relating to general economic conditions, market volatility, interest rate fluctuations, liquidity risk and credit and default risk.

- The company competes with numerous domestic and international insurance and reinsurance companies, mutual companies, specialty insurance companies, underwriting agencies, diversified financial services companies, Lloyd's syndicates, risk retention groups, insurance buying groups, risk securitization products and alternative self-insurance mechanisms. In particular, the company competes against insurance subsidiaries of the groups in the specialty insurance market including:

  - American International Group
  - Argo Group International Holdings, Ltd.
  - Ategrity Specialty Holdings LLC
  - Atlantic Casualty Insurance Company
  - Berkshire Hathaway
  - Canopius US Insurance, Inc.
  - CapSpecialty Insurance Group
  - Everest Re Group, Ltd.
  - Great American Insurance Group
  - Hallmark Financial Services, Inc.
  - HCC Insurance Holdings, Inc.
  - IFG Companies
  - James River Group Holdings
  - Kinsale Capital Group, Inc.
  - Markel Corporation
  - Nationwide Insurance
  - RLI Corporation
  - RSUI Group
  - Selective Insurance Group, Inc.
  - The Hartford

- The Travelers Companies, Inc.
- Westchester Surplus Lines Insurance Co
- W.R. Berkley Corporation

In addition to the companies mentioned above, the company is facing competition from other standard line companies who are continuing to write risks that traditionally had been written by excess and surplus lines carriers, Bermuda companies who are establishing relationships with wholesale brokers and purchasing carriers, and other excess and surplus lines competitors.

Competition may take the form of lower prices, broader coverage, greater product flexibility, higher quality services, reputation and financial strength or higher ratings by independent rating agencies. The company differentiates itself from the competition by distributing Wholesale Commercial and InsurTech products that are not readily available in the market. Each of the company's products has its own distinct competitive environment. The company seeks to compete through innovative products, appropriate pricing, niche underwriting expertise, and quality service to policyholders, general agencies and brokers.

VALUATION

We believe Global Indemnity can continue to generate profitable growth and produce Net Written Premium growth within the 6.0%-8.0% range. This is due to the company's ability to create new lines of businesses in niche markets and as well as continuing to efficiently operate and nurture the core and legacy businesses. We expect the company's total combined ratio to decline going forward from current levels.

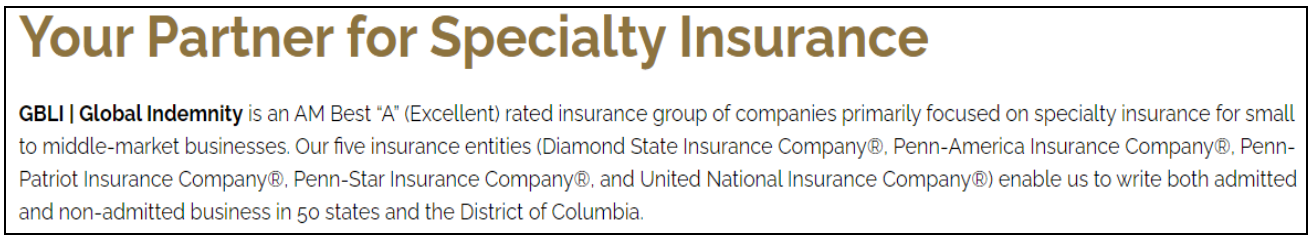
Our base case assumes the company is able to achieve the mid-range of performance objectives which is 7.0% compound annual growth rate (CAGR) of net written premiums for the five-year period between 2023 and 2027. That produces EPS in 2027 of approximately $4.47 and book value per share of $56.75. Return on equity would be in the range of 9.5%-10.0% towards the end of that time frame.

Currently, GBLI is currently selling at 76.0% of book value based on shareholders' equity of $626.4 million as of June 30, 2023. Average industry Price/Book multiples are approximately 1.50x for quality large cap operators and closer to 1.0x for small cap insurers with a median of 1.05x.

In addition, companies with low-mid double-digit ROE's often trade at a premium to industry averages. Currently Price/Book industry valuations for high ROE companies are approximately 1.50x.

Simply achieving the sector median of 1.05x to the weighted average future BVPS estimate (2027) would produce a value of approximately **$60.00**, which is our current target valuation.

The company currently pays an annualized dividend of $1.00 which equates to a dividend yield of 2.86%. The payout ratio is well below 50% based on 2023 estimated EPS and is expected to decrease significantly over time as the company's earnings continue to grow.



Source: investors.gbli.com

SUMMARY

We believe Global Indemnity is entering a robust new growth phase based on new business lines, actively developing its core business, and by utilizing the expertise of its new management team. If the company was to meet the low end of performance objectives, a substantial amount of shareholder equity would be created over the next five years.

The company is currently selling at a Price/Book value that does not reflect the future growth opportunities for the company over the next 3-5 years. GBLI may likely experience multiple expansion that approaches industry averages. Even with potential volatile earnings that can often be associated with P&C insurance companies, Global Indemnity can continue to add earnings to shareholders equity and increase book value over time.

The company pays a dividend that offers an above market average dividend yield which should offer some level of stability for equity investors.

Investors may be getting the rare opportunity to get in on the ground floor of a dynamic P&C insurance company that is poised for rapid growth and an increase in book value. With the company trading at such a large discount to book value, a margin of safety appears to exist at this time.

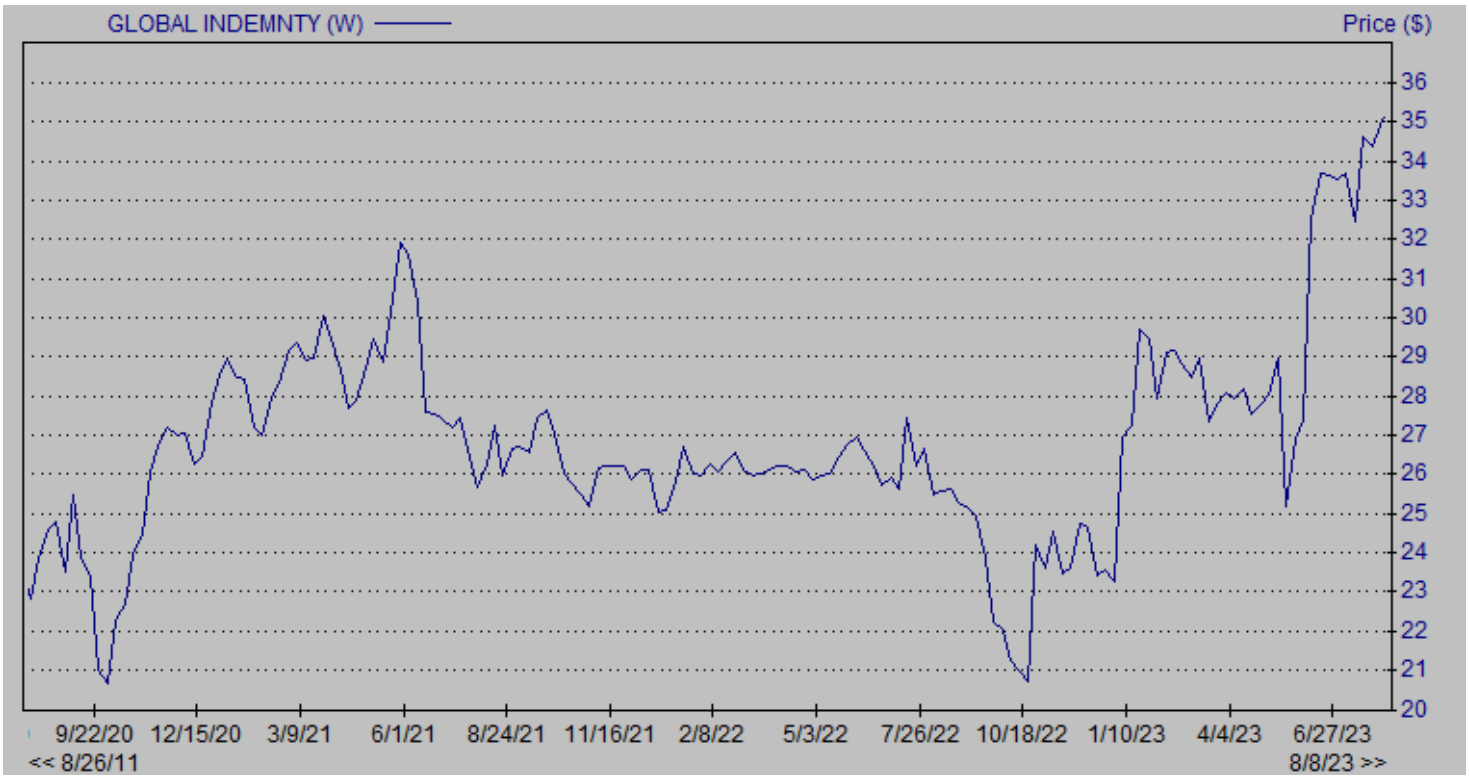


Source: investors.gbli.com

PROJECTED INCOME STATEMENT & BALANCE SHEET

Income Statement		Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Combined Ratio		102.0%	98.9%	97.2%	96.2%	95.2%
Net Written Premiums		**580,068**	**591,331**	**459,548**	**460,025**	**500,947**
Growth		*5.8%*	*1.9%*	*-22.3%*	*0.1%*	*8.9%*
Net Earned Premiums		**595,610**	**602,471**	**534,748**	**494,824**	**479,208**
Growth		*4.9%*	*1.2%*	*-11.2%*	*-7.5%*	*-3.2%*
Net Investment Income		**37,020**	**27,627**	**51,656**	**55,100**	**53,887**
%		*6.2%*	*4.6%*	*9.7%*	*11.1%*	*11.2%*
Investment Gains & Other		**45,638**	**(1,564)**	**(2,603)**	**1,156**	**1,226**
TOTAL REVENUES		**678,268**	**628,534**	**583,801**	**551,080**	**534,320**
Growth		*16.2%*	*-7.3%*	*-7.1%*	*-5.6%*	*-3.0%*
Net losses and loss adjustment expenses		**384,964**	**359,228**	**323,937**	**297,278**	**285,500**
% of sales		*64.6%*	*59.6%*	*60.6%*	*60.1%*	*59.6%*
Acquisition costs and other underwriting expenses		**222,841**	**236,381**	**195,757**	**178,668**	**170,633**
% of sales		*37.4%*	*39.2%*	*36.6%*	*36.1%*	*35.6%*
SG&A		**27,179**	**24,421**	**21,488**	**19,733**	**18,064**
% of sales		*4.6%*	*3.9%*	*3.7%*	*3.6%*	*3.4%*
Amortization		**0**	**0**	**0**	**0**	**0**
% of sales		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Operating Income		**43,284**	**8,504**	**42,619**	**55,402**	**60,123**
Margin		*6.4%*	*1.4%*	*7.3%*	*10.1%*	*11.3%*
EBITDA		**88,922**	**6,940**	**40,016**	**56,558**	**61,348**
Margin		*14.9%*	*1.2%*	*7.5%*	*11.4%*	*12.8%*
Other Expenses/(Income)		**0**	**3,529**	**0**	**0**	**0**
%		*0.0%*	*0.6%*	*0.0%*	*0.0%*	*0.0%*
EBIT		**43,284**	**4,975**	**42,619**	**55,402**	**60,123**
%		*7.3%*	*0.8%*	*8.0%*	*11.2%*	*12.5%*
Total Interest Exp (net)		**10,481**	**3,004**	**12**	**12**	**12**
%		*1.8%*	*0.5%*	*0.0%*	*0.0%*	*0.0%*
Net Profit Before Tax		**32,803**	**1,971**	**42,607**	**55,390**	**60,111**
%		*5.5%*	*0.3%*	*8.0%*	*11.2%*	*12.5%*
Income Tax		**3,449**	**2,821**	**8,789**	**11,425**	**12,399**
% Effective Rate		*10.5%*	*143.1%*	*20.6%*	*20.6%*	*20.6%*
% Cash Tax Rate		*10.5%*	*143.1%*	*20.6%*	*20.6%*	*20.6%*
Minority Interests or Preferred Stock		**440**	**440**	**440**	**440**	**440**
Net Profit		**28,914**	**(1,290)**	**33,378**	**43,524**	**47,272**
%		*4.9%*	*-0.2%*	*6.2%*	*8.8%*	*9.9%*
Non-recurring income (expense)						
Average Diluted Shares Outstanding		14,664	14,482	13,699	13,699	13,699
Reported FD EPS						
Zacks Cash EPS		**2.00**	**(0.09)**	**2.44**	**3.18**	**3.45**
Zacks EPS		**2.00**	**(0.09)**	**2.44**	**3.18**	**3.45**

HISTORICAL STOCK PRICE



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