



JAMES RIVER GROUP HOLDINGS, LTD.

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**Investor Presentation  
First Quarter 2022**

# Disclosure

## Forward-Looking Statements

This presentation contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. In some cases, such forward-looking statements may be identified by terms such as believe, expect, seek, may, will, should, intend, project, anticipate, plan, estimate, guidance or similar words. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Although it is not possible to identify all of these risks and uncertainties, they include, among others, the following: the inherent uncertainty of estimating reserves and the possibility that incurred losses may be greater than our loss and loss adjustment expense reserves; inaccurate estimates and judgments in our risk management may expose us to greater risks than intended; the downgrade in the financial strength rating of our regulated insurance subsidiaries announced May 7, 2021, or further downgrades, impacting our ability to attract and retain insurance and reinsurance business that our subsidiaries write, our competitive position, and our financial condition; the potential loss of key members of our management team or key employees and our ability to attract and retain personnel; adverse economic factors resulting in the sale of fewer policies than expected or an increase in the frequency or severity of claims, or both; the negative impact that a persistent high inflationary environment could have on our reserves, the values of our investments and investment returns, and on our compensation expenses; reliance on a select group of brokers and agents for a significant portion of our business and the impact of our potential failure to maintain such relationships; reliance on a select group of customers for a significant portion of our business and the impact of our potential failure to maintain, or decision to terminate, such relationships; our ability to obtain reinsurance coverage at prices and on terms that allow us to transfer risk and adequately protect our company against financial loss; losses resulting from reinsurance counterparties failing to pay us on reinsurance claims, insurance companies with whom we have a fronting arrangement failing to pay us for claims, or a former customer with whom we have an indemnification arrangement failing to perform their reimbursement obligations; inadequacy of premiums we charge to compensate us for our losses incurred; changes in laws or government regulation, including tax or insurance law and regulations; the ongoing effect of Public Law No. 115-97, informally titled the Tax Cuts and Jobs Act, which may have a significant effect on us including, among other things, by potentially increasing our tax rate, as well as on our shareholders; in the event we do not qualify for the insurance company exception to the passive foreign investment company ("PFIC") rules and are therefore considered a PFIC, there could be material adverse tax consequences to an investor that is subject to U.S. federal income taxation; the Company or any of its foreign subsidiaries becoming subject to U.S. federal income taxation; a failure of any of the loss limitations or exclusions we utilize to shield us from unanticipated financial losses or legal exposures, or other liabilities; losses from catastrophic events, such as natural disasters and terrorist acts, which substantially exceed our expectations and/or exceed the amount of reinsurance we have purchased to protect us from such events; the effects of the COVID-19 pandemic and associated government actions on our operations and financial performance; potential effects on our business of emerging claim and coverage issues; exposure to credit risk, interest rate risk and other market risk in our investment portfolio; the potential impact of internal or external fraud, operational errors, systems malfunctions or cyber security incidents; our ability to manage our growth effectively; failure to maintain effective internal controls in accordance with Sarbanes-Oxley Act of 2002, as amended ("Sarbanes-Oxley"); and changes in our financial condition, regulations or other factors that may restrict our subsidiaries' ability to pay us dividends. Additional information about these risks and uncertainties, as well as others that may cause actual results to differ materially from those in the forward-looking statements, is contained in our filings with the U.S. Securities and Exchange Commission ("SEC"), including our most recently filed Annual Report on Form 10-K, Quarterly Report on Form 10-Q and our other documents on file with the SEC. These forward-looking statements speak only as of the date of this release and the Company does not undertake any obligation to update or revise any forward-looking information to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

## Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures as defined by Regulation G of the rules of the SEC. These non-GAAP measures, such as underwriting profit, adjusted net operating (loss) income, tangible equity, tangible common equity, tangible equity per share, and tangible common equity per common share are not in accordance with, nor are they a substitute for, GAAP measures. We believe these non-GAAP measures provide users of our financial information useful insight into our performance. Investors should consider non-GAAP measures in addition to, and not as a substitute for, or superior to, the comparable GAAP measures. Please refer to pages 22 & 23 of this presentation for a reconciliation of the non-GAAP financial measures to the equivalent GAAP equivalents.

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## Market and Industry Data

This presentation includes market and industry data, forecasts and projections. We have obtained certain market and industry data from publicly available industry publications. These sources generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information are not guaranteed. The forecasts and projections are based on historical market data, and there is no assurance that any of the forecasts or projected amounts will be achieved.



# **Executive Summary**

# Overview of James River

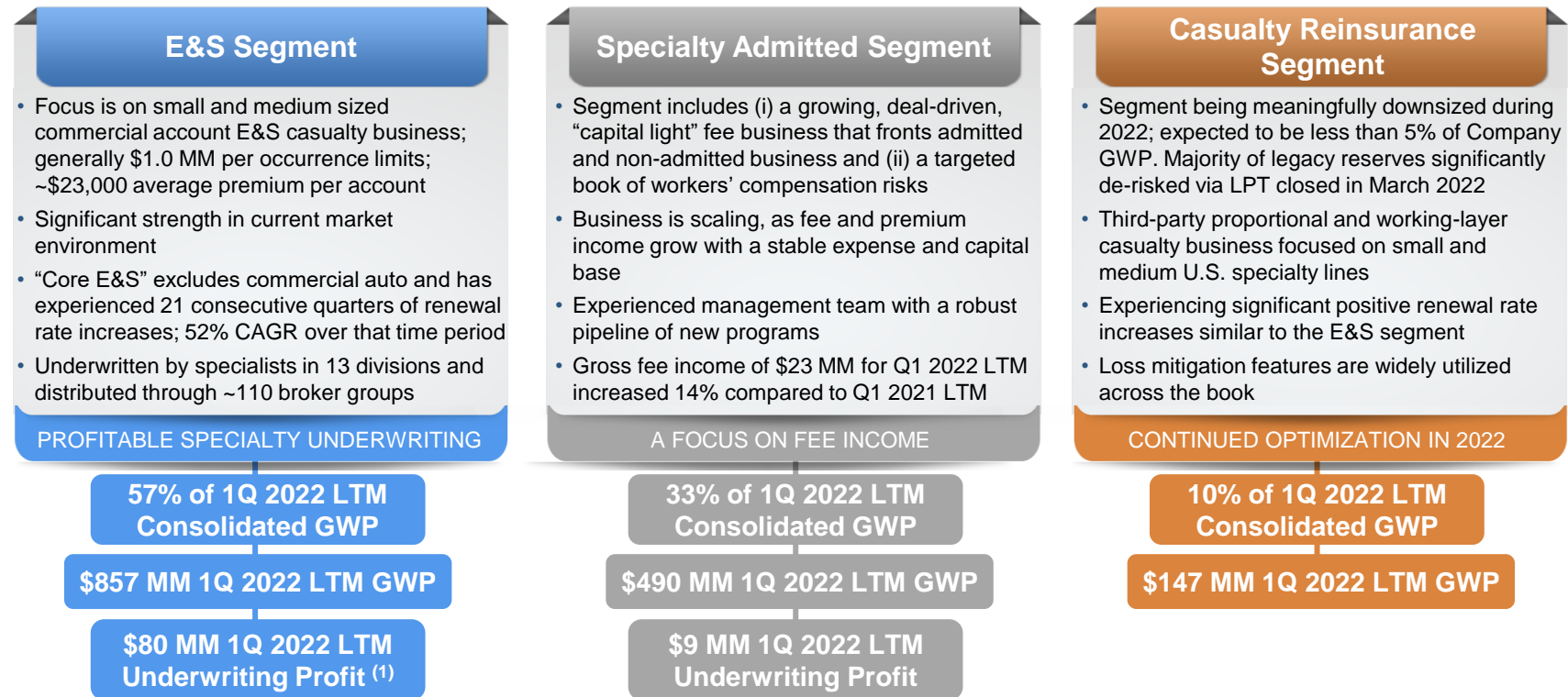
**We seek to deliver a consistent, top tier return on tangible common equity and generate sector leading value creation**

- ✓ **Renew our unrelenting focus on underwriting profitability**
- ✓ **We seek to generate superior margins from our niche casualty focused underwriting risks, while growing fee income in our fronting and program business**
- ✓ **We intend to continue to focus on the small and middle market, where we have earned superior returns over our 19 year history**
- ✓ **Target low volatility casualty risk with low retentions and little property exposure**
- ✓ **Enhanced enterprise risk management (ERM) profile, with a refined ERM framework and additional expertise brought to the organization**
- ✓ **Highly efficient operator with leading expense ratio**
- ✓ **Significantly de-risked balance sheet following reserve adjustments and loss portfolio transfer transactions, as well as additional capital raised**
- ✓ **We anticipate a low double digit return on tangible common equity for 2022 (including the impact of certain adjustments for the Casualty Reinsurance related Loss Portfolio Transfer)**

# Our Business

- We are a specialty, low volatility underwriting company with an attractive, sizeable Excess & Surplus (“E&S”) franchise and rapidly scaling “capital light” fronting business experiencing an extremely robust market for property and casualty risk.
- Little catastrophe or cyber exposure, and effective use of reinsurance to limit volatility.
- Our focus is small and medium sized commercial account E&S casualty business which we look to continue to complement with a growing fee business within our Specialty Admitted segment.
- Our balance sheet has been significantly strengthened by two loss portfolio transfer (“LPT”) transactions on distinct books of business, as well as significant reserve strengthening, and capital raised, over the last 12 months.

## Our Key Growth Opportunities



Note: Last twelve months (“LTM”) for 1Q 2022 is the sum of 2Q 2021 through 1Q 2022, and for 1Q 2021 is the sum of 2Q 2020 through 1Q 2021.

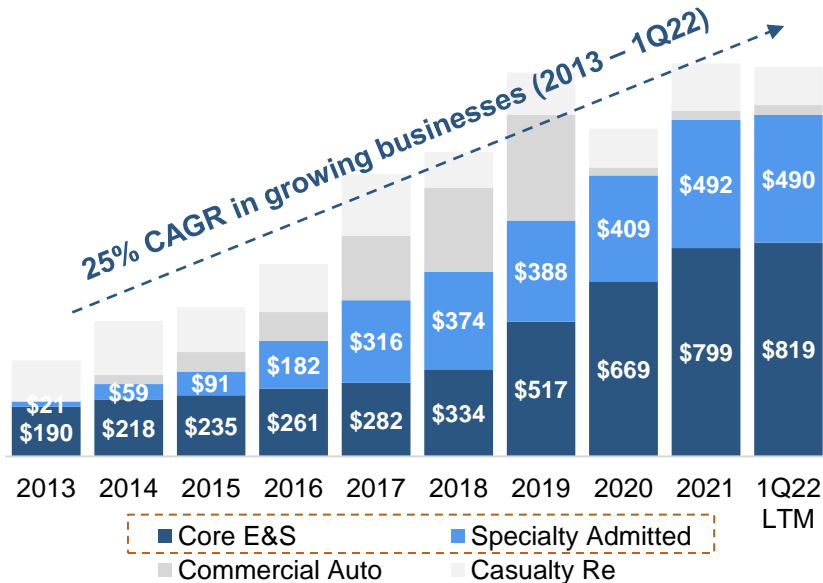
(1) Underwriting profit is shown for Core E&S and excludes adverse development of \$34 MM related to the commercial auto business.

# Attractive Growth Businesses

- Attractive E&S market poised for expected continued profitable growth as industry competitors retrench, and new businesses are forced to find insurance coverage in the E&S market given their lack of insurance loss history.
- Our primary businesses (Core E&S<sup>(1)</sup> and Specialty Admitted) have been profitable and consistently growing since 2013, and represented 88% of gross written premiums as of 1Q 2022 LTM.
- Core E&S has grown substantially during recent market strength, with nearly a 3x increase from \$282 MM in 2017 to \$819 MM for 1Q22 LTM.
- Core E&S is benefiting from significant rate hardening and strong submission flow as major industry competitors retrench and standard market writers recalibrate their risk appetite.

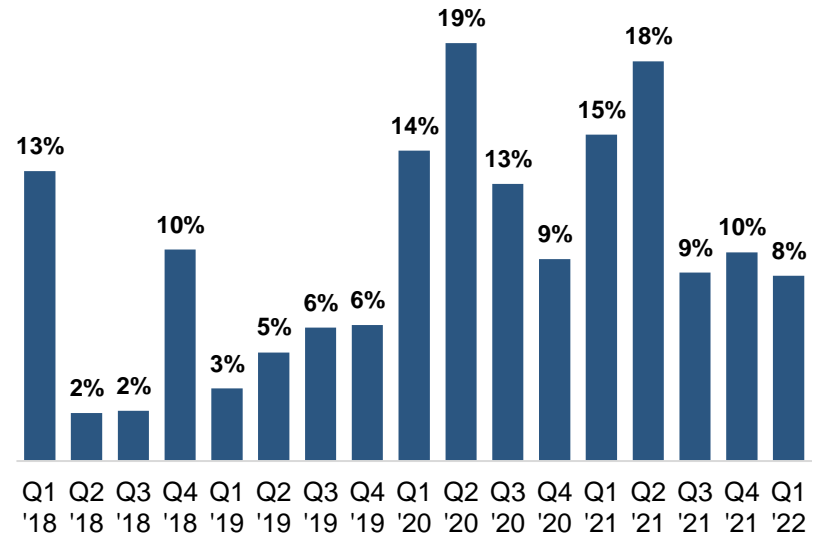
## Historical GWP (\$M)<sup>(2)</sup>

### Growing businesses % of Consolidated GWP:



## Quarterly Core E&S Renewal Rate Increases

**Compound aggregate rate increases on renewal book last 21 quarters = 52%**



(1) The term "Core E&S" used in this presentation refers to our Excess and Surplus lines segment excluding the commercial auto business written in such segment.

(2) The large commercial auto account in run off represents the bulk of our commercial auto gross written premiums through 12/31/2019. None of the remaining commercial auto business we write is exposed to the "ride-share" sector.

# What is Driving Growth in the E&S Market?

The E&S market began experiencing rate hardening in late 2018 / early 2019 and the hardening significantly accelerated in 2020 driven by the Global Pandemic. Admitted market carriers have been tightening underwriting guidelines or non-renewing business, pushing it to the E&S market



Increasing **jury verdicts** and **social inflation**



We believe we have little exposure to social inflation in our Core E&S book given its small account nature, risk profile and limit deployment



Reopening economy in the wake of a **recession**



New business formation and small business revamp are our key clients; significant growth in contract binding business



Increased risk of **cyber threats** as the world becomes more **digitized**



We have negligible cyber exposure as an underwriter



Emergence of novel **health risks**



The overwhelming majority of our Core E&S book has an organic pathogen exclusion



Increasing **catastrophe losses** and risk of **climate change**



We write little cat exposed property, and for the risks we do insure we have robust reinsurance protection up to the 1:1,000 per year level <sup>(1)</sup>

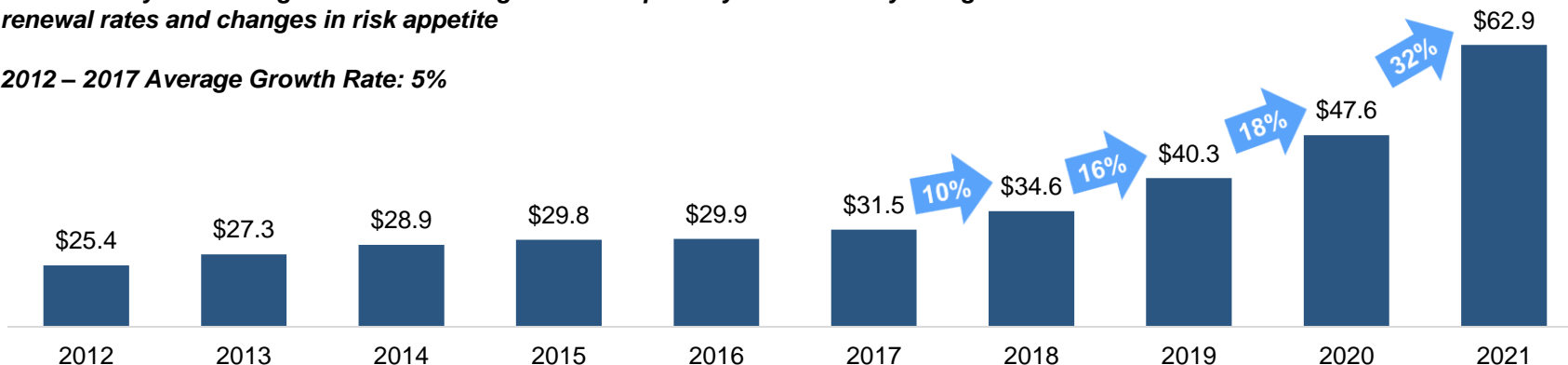
(1) We have structured our reinsurance agreements so that our modeled net pre-tax loss from a 1:1,000 year probable maximum loss ("PML") event would not exceed 2.5% of shareholders' equity on a group-wide basis. Please refer to our 10-K filing for a detailed description of our reinsurance program.

# The E&S Market is Highly Attractive

## U.S. Excess & Surplus Lines DWP (\$BN)

*E&S industry DWP has grown at double digit rates the past 4 years driven by rising renewal rates and changes in risk appetite*

*2012 – 2017 Average Growth Rate: 5%*



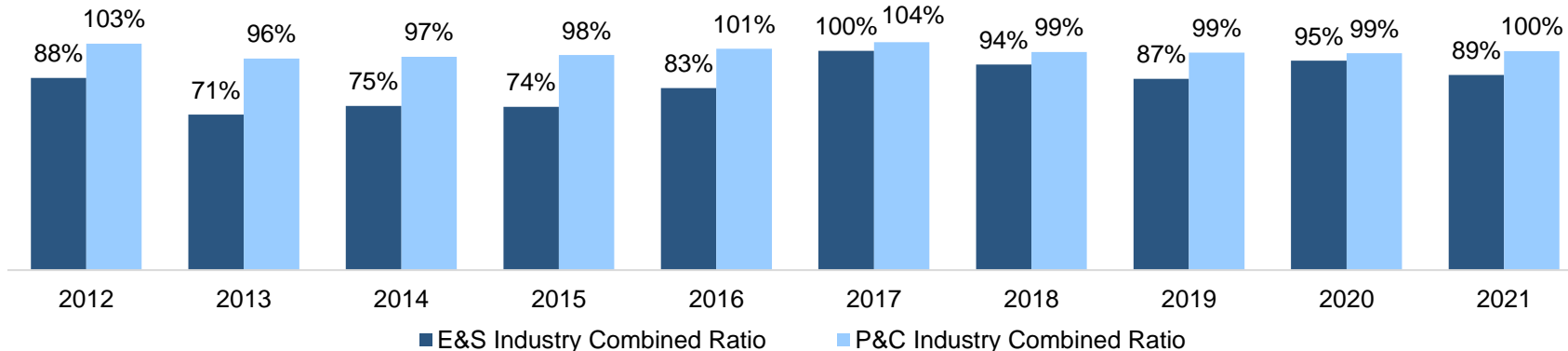
## Profitability of E&S Industry vs. Total P&C Industry: 10 Year Combined Ratio

— P&C Industry 2012 – 2021 Average Combined Ratio: 100%

— E&S Industry 2012 – 2021 Average Combined Ratio: 86%



*E&S market generated 14 points of underwriting alpha compared to the broader P&C industry*



Source: S&P Global Market Intelligence (and its affiliates, as applicable).



# E&S: Broad Risk Appetite Permits Us to ‘Pick Our Spots’

**Our high caliber underwriting team, and use of technology, provide significant expertise to price our increased submission flow of skillfully underwritten risks**

- 13 separate underwriting divisions focused on growth in very attractive markets.
- Renewal rates increased more than 13% in each of 2020 and 2021 across our E&S business.
- The 8.4% renewal rate increase in 1Q 2022 was the twenty-first consecutive quarter of rate increases compounding to 52%.

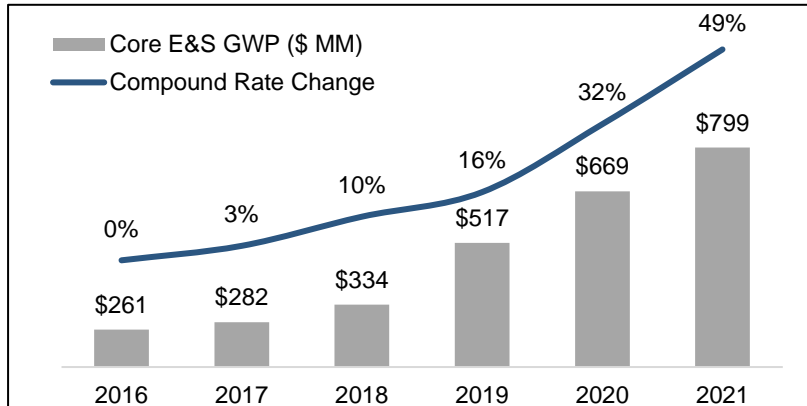
Division	Lead U/W Years of Industry Experience	Gross Written Premium						Description
		Year Ended Dec. 31		Quarter Ended March 31		% Change		
		2020	2021	2021	2022	FY 2021	Q1 2022	
Excess Casualty	39	\$213.0	\$285.1	\$68.4	\$70.2	34%	3%	Following form excess on risks similar to GC and MC
General Casualty	35	125.4	140.6	29.4	34.4	12%	17%	Premises ops (e.g., apartments, offices & restaurants)
Manufacturers & Contractors	39	122.9	139.7	31.9	35.8	14%	12%	Products liability & completed operations exposure
Excess Property	33	37.3	47.2	6.9	9.8	27%	43%	CAT-exposed excess property > 1/100 year return period
Energy	39	51.1	46.2	10.8	12.0	-10%	12%	Oil field service contractors, mining, etc.
Life Sciences	39	35.2	35.9	5.7	6.8	2%	20%	Nutrition products, medical devices and human clinical trials
Allied Health	29	26.9	35.2	8.2	8.1	31%	-2%	Long-term care, outplacement facilities & social services
Commercial Auto	35	30.0	34.6	5.8	8.4	15%	45%	Hired / non-owned auto
Small Business	29	24.8	32.6	7.5	9.0	31%	21%	Small accounts similar to GC and MC; includes contract binding
Environmental	39	17.8	17.1	2.7	3.9	-4%	43%	Environmental contractors and consultants
Sports & Entertainment	35	6.1	9.4	1.6	2.8	54%	81%	Amusement parks, campgrounds, arenas
Professional Liability	29	6.9	8.1	2.1	2.6	18%	22%	E&O for non-medical professionals (lawyers, architects, engineers)
Medical Professionals	29	1.7	1.8	0.5	0.4	8%	-22%	Non-standard physicians and dentists
<b>Total E&amp;S</b>		<b>\$699.1</b>	<b>\$833.7</b>	<b>\$181.4</b>	<b>\$204.3</b>	<b>19%</b>	<b>13%</b>	
<b>Core E&amp;S</b>		<b>\$669.1</b>	<b>\$799.0</b>	<b>\$175.6</b>	<b>\$195.9</b>	<b>19%</b>	<b>12%</b>	
<b>Commercial Auto</b>		<b>\$30.0</b>	<b>\$34.6</b>	<b>\$5.8</b>	<b>\$8.4</b>	<b>15%</b>	<b>45%</b>	

\$ in millions

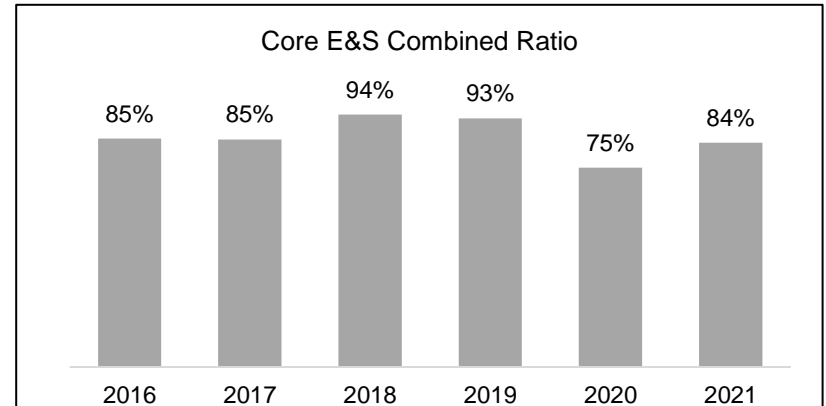
# Finding Profitable Growth Opportunities

## Attractive underwriting conditions have allowed for meaningful growth in our Core E&S book at highly profitable margins

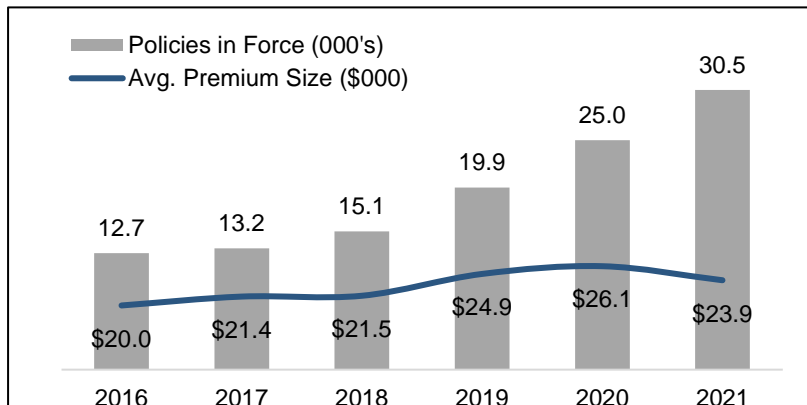
*Achieving meaningful scale at highly attractive rates – disciplined underwriting culture*



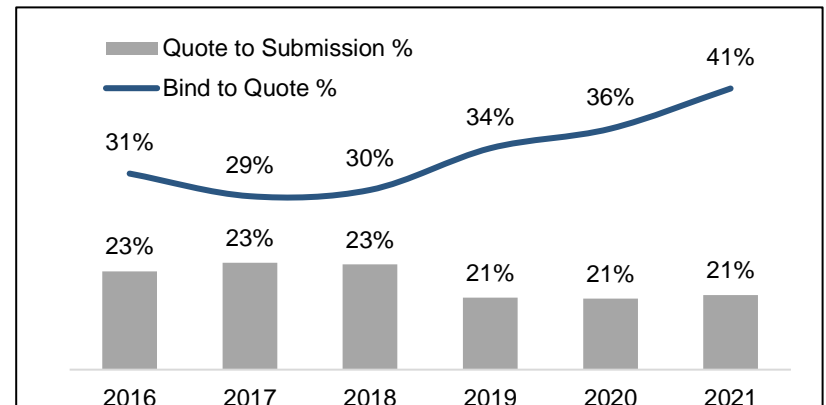
*Highly profitable Core E&S underwriting margins, poised to benefit from expected rate increases in the current environment*



*PIF growth has been strong as we maintain our core, profitable SME business focus*



*Remaining disciplined with quoting business, but binding a higher % as market capacity remains tight*



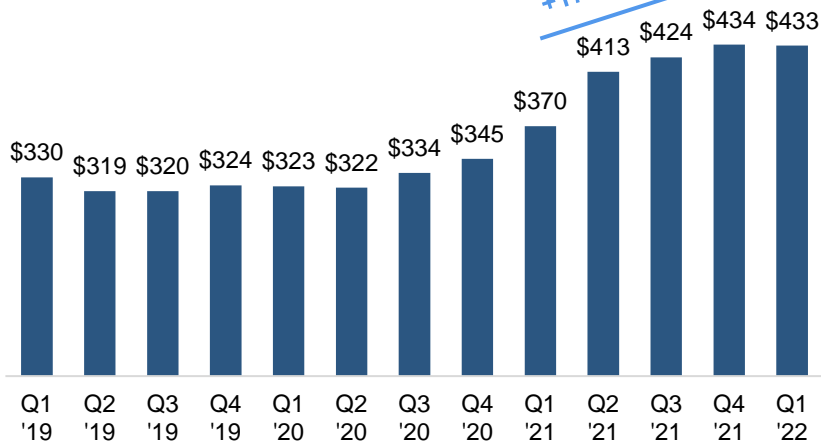
# Specialty Admitted: Growth With Limited Risk Retention

Fronting business continues to experience meaningful growth as recently added programs mature and expand

- Capital light, deal-driven business with limited risk retention.
- Lower risk fee-income business complements our highly profitable Core E&S underwriting business.
- Increased demand for fronting paper driven by hard market conditions as start-ups and MGAs / MGUs search for capacity.
- Seeing an active flow of submissions for new fronting programs; new programs added are expected to continue to ramp.
- Workers' compensation gross written premium declined during 1Q22 due to prudent portfolio management in a competitive market. Excluding a large workers' compensation program, fronted programs premium increased 6.5% in the first quarter of 2022.

## Fronted Programs GWP <sup>(1)</sup>

Fronted programs premium represent 88% of the GWP of our Specialty Admitted Segment



## Fee Income <sup>(1)</sup>

Consistent and predictable stream of earnings



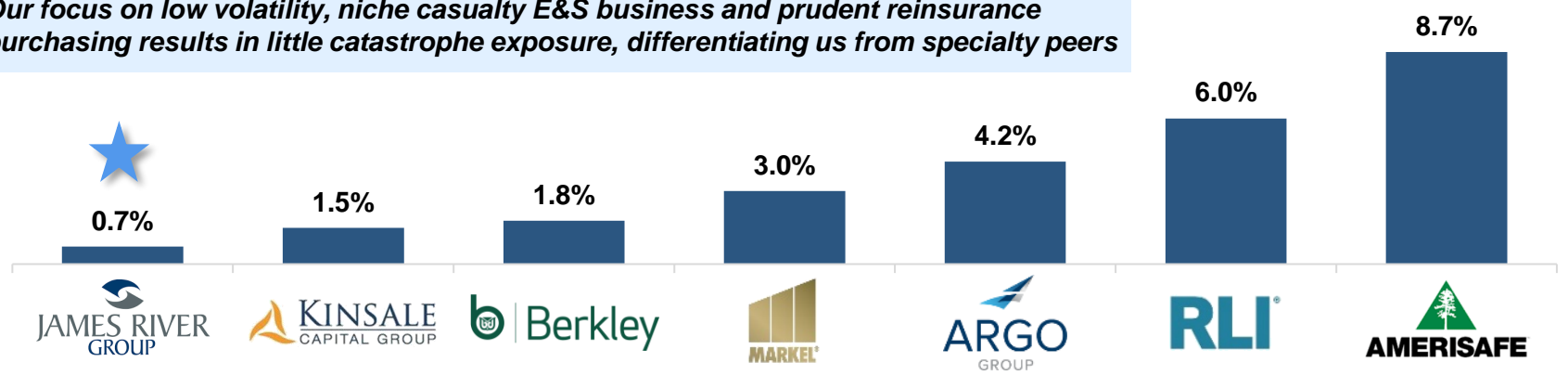
\$ in millions

(1) Presented on an LTM basis as of the period indicated.

# We Represent a Unique Investment Opportunity

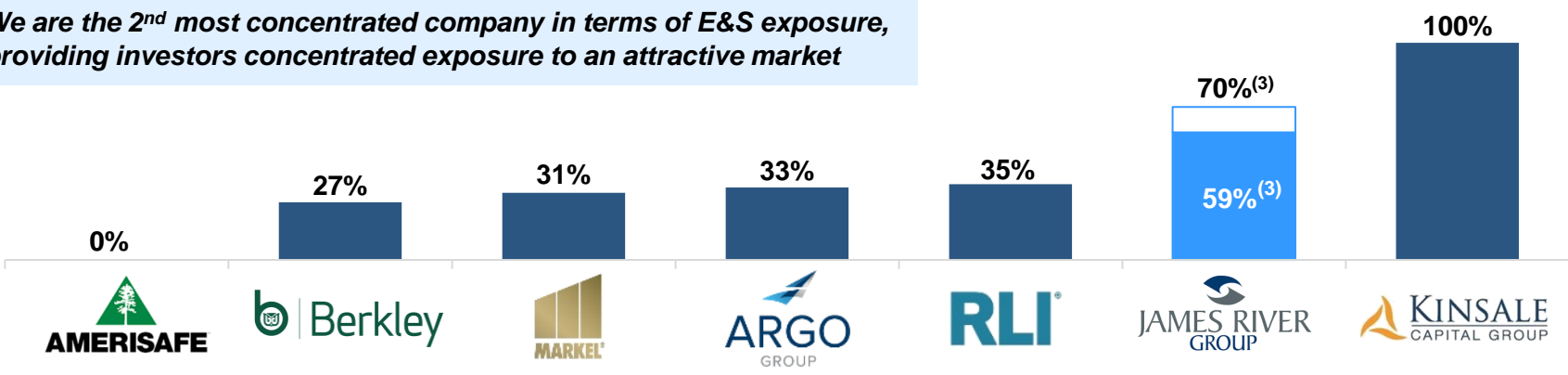
## 2021 Cat Losses % of Loss Ratio <sup>(1)</sup>

*Our focus on low volatility, niche casualty E&S business and prudent reinsurance purchasing results in little catastrophe exposure, differentiating us from specialty peers*



## 2021 E&S DWP as a % of total GWP <sup>(2)</sup>

*We are the 2<sup>nd</sup> most concentrated company in terms of E&S exposure, providing investors concentrated exposure to an attractive market*



Source: S&P Global Market Intelligence (and its affiliates, as applicable), SEC filings.

(1) Represents total pre-tax catastrophe losses as disclosed in company filings divided by net earned premiums for the 12 months ended December 31, 2021.

(2) Statutory E&S direct written premium as defined and calculated by S&P Global Market Intelligence. Represents statutory E&S direct written premium divided by GAAP consolidated gross written premium.

(3) 59% based on statutory E&S DWP as defined and calculated by S&P Global Market Intelligence. 70% based on GAAP E&S GWP (including assumed business in our Casualty Reinsurance segment).

# Capital Position

Our balance sheet enables us to continue to capitalize on an extremely attractive P&C market

	Balance Sheet as of:				
	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022
<b>Assets</b>					
Total Invested Assets	\$2,159.0	\$2,202.3	\$2,061.4	\$2,130.5	\$2,125.0
Cash and Cash Equivalents <sup>(1)</sup>	183.5	360.9	220.6	190.1	270.2
Goodwill and Intangible Assets	218.1	218.1	218.0	217.9	217.8
Total Assets	5,109.7	5,391.8	4,784.1	4,948.6	5,267.2
<b>Liabilities and Shareholders' Equity</b>					
Reserve for Losses and LAE	2,413.8	2,447.0	2,596.8	2,748.5	2,750.2
Senior Debt	262.3	262.3	262.3	262.3	222.3
Junior Subordinated Debt	104.1	104.1	104.1	104.1	104.1
Total Debt	366.4	366.4	366.4	366.4	326.4
AOCI	39.2	54.6	43.1	30.0	(56.0)
Series A Redeemable Preferred Shares	-	-	-	-	144.9
Shareholders' Equity	639.6	858.5	813.6	725.4	647.7
Tangible Equity	421.5	640.4	595.7	507.5	574.8
Tangible Common Equity	421.5	640.4	595.7	507.5	429.9
Shareholders' Equity per Share	\$20.78	\$23.03	\$21.82	\$19.41	\$17.30
Tangible Equity per Share	\$13.70	\$17.18	\$15.98	\$13.58	\$13.34
Tangible Common Equity per Share	\$13.70	\$17.18	\$15.98	\$13.58	\$11.48
Common Shares Outstanding	30.8	37.3	37.3	37.4	37.4
Leverage Ratio <sup>(2)</sup>	35%	28%	29%	31%	23%
Net Written Premium / Tangible Equity <sup>(3)</sup>	1.63x	1.12x	1.22x	1.47x	1.30x

## Commentary

- Completed common equity raise in 2Q 2021 and issuance of Series A preferred shares in 1Q 2022, along with loss portfolio transfer transactions covering run off commercial auto and the majority of Casualty Reinsurance segment reserves.
- Have reduced debt and financial leverage ratio in recent periods.
- These actions have bolstered the balance sheet and position the business for expected profitable growth at the current strong pace in order to generate a compelling return on tangible common equity.
  - 1Q 2022 operating leverage was 1.30x and financial leverage was 23%.
- The decline in AOCI during 1Q 2022 primarily reflects the impact of a decline in market value of our fixed maturity securities due to a rise in interest rates. This change does not impact our leverage ratio, in accordance with our credit agreements.

\$ and shares in millions, except per share figures.

(1) Excluding restricted cash equivalents.

(2) Leverage ratio, in accordance with the Company's credit agreements, is calculated as adjusted consolidated debt / total capital. Adjusted consolidated debt treats hybrid securities as equity capital up to 15% of total capitalization. Total capital is defined as total debt plus tangible equity excluding accumulated other comprehensive income.

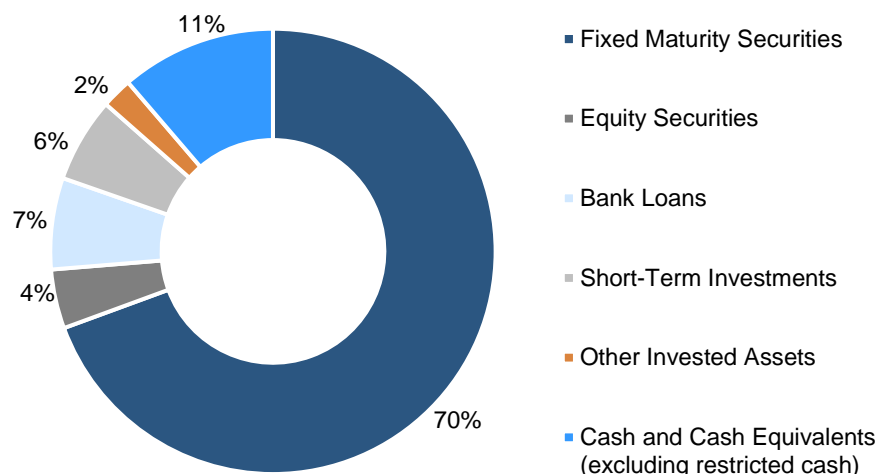
(3) Net written premium presented on an LTM basis as of the period indicated.

# Investment Portfolio

The Company holds a conservative portfolio given its focus on underwriting risk

## Investment Portfolio as of March 31, 2022

Total Cash and Investments (excluding restricted cash): \$2,395 MM



## Commentary

- Balanced portfolio focused on high quality fixed maturities, with small allocation to unique strategies to enhance returns.
- Weighted average rating of A+ across the portfolio, similar to recent periods.
- Total invested assets declined by 2% from the prior year quarter, primarily due to the transfer of funds in connection with the LPT reinsurance agreement executed during 3Q21 and a reduction in market values during 1Q22.
- Annualized gross investment yield declined primarily as a result of lower market yields on fixed maturity securities and bank loan participations.
- Investment income increased from 1Q 2021 levels due to:
  - Higher valuations of renewable energy investments, partially offset by a reduction in investment income from other private investments.
  - Lower yields on high grade fixed maturity portfolio and bank loan portfolio

\$ in millions	First Quarter		Change (%)
	2021	2022	
<b>Net Investment Income</b>			
Renewable Energy Investments	(\$0.7)	\$2.7	NM
Other Private Investments	1.0	0.2	(79)%
All Other Net Investment Income	14.8	13.4	(9)%
<b>Total Net Investment Income</b>	<b>\$15.1</b>	<b>\$16.3</b>	<b>8%</b>

	Portfolio Statistics	
	1Q21	1Q22
Gross Investment Yield <sup>(1)</sup>	3.2%	3.0%
Average Duration	4.3 years	4.1 years

\$ in millions

(1) Includes fixed maturity, bank loan and equity securities.

# Key Investment Highlights



## Market Leading E&S Carrier

*Proven market leader with focus on the small and middle market; one of the highest E&S concentrations with minimal property catastrophe exposure*



## Capitalizing on a 'once in a generation' pricing market

*Robust E&S market poised for continued expansive growth driven by favorable macro trends and strong pricing conditions*



## Strong Track Record of Profitable Underwriting in Core Business

*Track record of generating superior underwriting margins from our core niche casualty focused risks*



## Well Capitalized and Strong Balance Sheet

*Strengthened reserves as well as LPT transactions covering run off commercial auto and the majority of historical Casualty Reinsurance reserves, result in a significantly de-risked balance sheet*



## Valuation Upside Potential

*Significant valuation upside when compared to public trading multiples of E&S focused peers*



# **Appendix: 1Q 2022 Earnings**



# Consolidated Performance

<i>\$ in millions, except per share figures</i>	1Q21	1Q22	% Change	Commentary
<b><u>Key Income Statement Items</u></b>				
Gross Written Premiums	\$373.3	\$360.0	(4)%	<ul style="list-style-type: none"> <li>4% decline in gross written premium, with continued growth in E&amp;S offset by an expected reduction in Casualty Re premium.</li> <li>Net written and net earned premium growth was 1% and 18%, respectively, reflecting growth in gross premium over the trailing twelve months and changes in retention.</li> <li>Net investment income increased 8% due largely to stronger returns from renewable energy investments, while lower yields and fewer invested assets reduced income from all other investments.</li> <li>The accident year loss ratio was 67.9% and increased from the prior year quarter due primarily to additional current accident year losses associated with the Casualty Reinsurance loss portfolio transfer.</li> <li>Prior year development of \$7 MM or 3.6 points due to previously announced strengthening in the Casualty Reinsurance segment related to the loss portfolio transfer, while development in the prior year quarter was primarily related to run off Commercial Auto business as well as Casualty Reinsurance.</li> <li>The expense ratio of 26.0% declined from 28.9% in the prior year period, primarily due to growth in earned premium and fee income while continuing to manage expenses.</li> </ul>
Net Written Premiums	174.6	175.9	1%	
Net Earned Premiums	160.6	189.8	18%	
Net Investment Income	15.1	16.3	8%	
Total Revenues	183.0	201.9	10%	
Total Expenses	323.8	188.4	(42)%	
Net (Loss) Income Available to Common Shareholders	(103.5)	9.3	NM	
Net Realized and Unrealized (Gains) Losses on Investments	(5.8)	4.2	NM	
Other Expenses	0.4	0.3	(17)%	
Adjusted Net Operating (Loss) Income	(108.8)	13.9	NM	
<b><u>Underwriting Ratios</u></b>				
Accident Year Loss Ratio	64.4%	67.9%	3.5%	
Prior Year Development	105.9%	3.6%	(102.3)%	
Loss Ratio	170.3%	71.4%	(98.9)%	
Expense Ratio <sup>(1)</sup>	28.9%	26.0%	(2.9)%	
Combined Ratio	199.2%	97.4%	(101.8)%	
Accident Year Combined Ratio	93.3%	93.8%	0.6%	
<b><u>Key Balance Sheet Items</u></b>				
Shareholders' Equity per Share <sup>(2)</sup>	\$20.78	\$17.30	(12)%	
Tangible Equity per Share <sup>(2)</sup>	\$13.70	\$13.34	4%	
Tangible Common Equity per Share <sup>(2)</sup>	\$13.70	\$11.48	(9)%	

(1) Calculated with a numerator comprising other operating expenses less gross fee income (in specific instances when the Company is not retaining insurance risk) included in "Other income" in our Condensed Consolidated Income Statements of \$0.8 million for the three months ended March 31, 2022 (\$0.9 in the prior year period), and a denominator of net earned premiums.

(2) % change is adjusted for dividends per common share paid from 2Q 2021 to 1Q 2022 totaling \$0.95 per share.

# E&S Segment Performance

<i>\$ in millions</i>	1Q21	1Q22	% Change	Commentary	
<b>Key Segment Results</b>					
Gross Written Premiums	\$181.4	\$204.3	13%	<ul style="list-style-type: none"> <li>Gross written premium growth of 13%, including double digit growth in ten of thirteen underwriting divisions.</li> <li>Net written and net earned premium growth was 16% and 15%, respectively, and reflects gross growth as well as changes in business mix and net retention.</li> <li>Renewal rates increased 8.4% across the segment during the first quarter of 2022. Nearly all underwriting divisions reported rate increases and positive growth.</li> <li>The accident year loss ratio was 64.7% compared to 64.3% in the prior year quarter.</li> <li>Prior year development was de minimis during the first quarter of 2022, while the prior year quarter included \$169 MM or 148.3 points of reserve strengthening related to the run off Commercial Auto portfolio.</li> <li>The expense ratio of 19.0% decreased 1.1 points compared to the prior year period, due to strong earned premium growth and continued expense management.</li> </ul>	
Net Written Premiums	108.4	125.7	16%		
Net Earned Premiums	113.7	131.3	15%		
Losses and Loss Adjustment Expenses	241.7	84.9	(65)%		
Underwriting Expenses	22.9	24.9	9%		
Underwriting (Loss) Profit	(150.9)	21.5	NM		
<b>Underwriting Ratios</b>					
Accident Year Loss Ratio	64.3%	64.7%	0.4%		
Prior Year Development	148.3%	0.0%	(148.3)%		
Loss Ratio	212.6%	64.7%	(147.9)%		
Expense Ratio	20.1%	19.0%	(1.1)%		
Combined Ratio	232.7%	83.7%	(149.0)%		
Accident Year Combined Ratio	84.4%	83.7%	(0.7)%		

# Specialty Admitted Segment Performance

<i>\$ in millions</i>	1Q21	1Q22	% Change	Commentary	
<b>Key Segment Results</b>					
Gross Written Premiums	\$127.0	\$125.7	(1)%	<ul style="list-style-type: none"> <li>Gross written premium declined 1%, reflecting a 4% reduction in individual risk works' compensation and a 1% decline in fronting and program premium.</li> <li>Excluding a large workers' compensation focused program, fronting and program premium was up 6.5% in the first quarter of 2022.</li> <li>Strong fronting and programs pipeline remains intact, including new programs bound during the first quarter of 2022.</li> <li>Workers' compensation gross written premium declined due to prudent portfolio management in a competitive market.</li> <li>Net earned premium growth was 18% and gross fee income increased 8%, both compared to the prior year quarter, driving the expense ratio to 19.0% from 26.6% in the prior year quarter.</li> <li>The accident year loss ratio of 79.6% during the first quarter of 2022, was approximately in-line with the accident year loss ratio during the second half of 2021.</li> <li>There was de minimis prior year development in the first quarter of 2022, compared to \$1 MM or 6.1 points of favorable development in the prior year quarter.</li> </ul>	
Net Written Premiums	22.0	20.2	(8)%		
Net Earned Premiums	16.4	19.3	18%		
Gross Fee Income	5.1	5.6	8%		
Losses and Loss Adjustment Expenses	10.7	15.4	44%		
Underwriting Expenses	4.3	3.7	(16)%		
Underwriting Profit <sup>(1)</sup>	1.3	0.2	(83)%		
<b>Underwriting Ratios</b>					
Accident Year Loss Ratio	71.8%	79.6%	7.8%		
Prior Year Development	(6.1)%	0.3%	6.4%		
Loss Ratio	65.7%	79.9%	14.2%		
Expense Ratio	26.6%	19.0%	(7.6)%		
Combined Ratio	92.3%	98.9%	6.6%		
Accident Year Combined Ratio	98.4%	98.6%	0.2%		

(1) Underwriting results include gross fee income of \$5.6 million for the three months ended March 31, 2022 (\$5.1 million for the same period in the prior year).

# Casualty Reinsurance Segment Performance

<i>\$ in millions</i>	1Q21	1Q22	% Change	Commentary
<b>Key Segment Results</b>				
Gross Written Premiums	\$64.9	\$29.9	(54)%	<ul style="list-style-type: none"> <li>Gross written premium decreased 54% compared to the prior year quarter due to the non-renewal of several treaties.</li> <li>The segment gross written premiums are expected to be meaningfully downsized over the course of 2022.</li> <li>Since the earning patterns of the business can extend over multiple years, changes in net earned premium for this segment will lag the expected decline in gross and net written premium.</li> <li>As previously announced, the first quarter of 2022 included \$6.8 MM or 17.3 points of prior year reserve development associated with the Casualty Reinsurance loss portfolio transfer.</li> <li>Also related to the Casualty Reinsurance loss portfolio transfer, the first quarter of 2022 included \$4.7 MM or 12.0 points of additional current accident year losses as the Company did not recognize any earnings on the portfolio during the quarter.</li> <li>The accident year loss ratio during the first quarter of 2022 was 72.6% or 60.6% excluding the impact of the additional current accident year losses, which was approximately in-line with the prior year quarter.</li> </ul>
Net Written Premiums	44.2	29.9	(32)%	
Net Earned Premiums	30.5	39.2	28%	
Losses and Loss Adjustment Expenses	21.0	35.2	68%	
Underwriting Expenses	11.1	12.8	15%	
Underwriting (Loss) Profit	(1.6)	(8.8)	NM	
<b>Underwriting Ratios</b>				
Accident Year Loss Ratio	60.7%	72.6%	11.9%	
Prior Year Development	8.1%	17.3%	9.2%	
Loss Ratio	68.8%	89.9%	21.1%	
Expense Ratio	36.5%	32.6%	(3.9)%	
Combined Ratio	105.3%	122.5%	17.2%	
Accident Year Combined Ratio	97.2%	105.2%	8.0%	



# **Appendix: Non-GAAP Reconciliation**

# Non-GAAP Measures Reconciliation

Underwriting Profit (Loss)	12 Months Ended Dec 31,			1Q21	1Q22
	2019	2020	2021		
Underwriting profit (loss) of the operating segments:					
Excess and Surplus Lines	\$19.2	\$9.8	(\$121.5)	(\$150.9)	\$21.5
Specialty Admitted Insurance	5.9	4.2	9.7	1.3	0.2
Casualty Reinsurance	(7.2)	(18.4)	(117.5)	(1.6)	(8.8)
<b>Total underwriting profit (loss) of operating segments</b>	<b>17.9</b>	<b>(4.4)</b>	<b>(229.3)</b>	<b>(151.3)</b>	<b>12.8</b>
Operating expenses of Corporate and Other segment	(27.7)	(29.4)	(27.6)	(8.1)	(7.9)
<b>Underwriting profit (loss)</b>	<b>(9.8)</b>	<b>(33.8)</b>	<b>(256.9)</b>	<b>(159.4)</b>	<b>5.0</b>
Net investment income	75.7	73.4	56.9	15.1	16.3
Net realized and unrealized (losses) gains on investments	(2.9)	(16.0)	15.6	6.3	(5.0)
Other income and expenses	0.1	(1.0)	(2.2)	(0.5)	(0.3)
Interest expense	(10.6)	(10.0)	(8.9)	(2.2)	(2.3)
Amortization of intangible assets	(0.6)	(0.5)	(0.4)	(0.1)	(0.1)
<b>Income (loss) before taxes</b>	<b>\$51.9</b>	<b>\$11.9</b>	<b>(\$196.0)</b>	<b>(\$140.8)</b>	<b>\$13.5</b>

\$ in millions  
Source: Company filings.

# Non-GAAP Measures Reconciliation

Adjusted Net Operating (Loss) Income	12 Months Ended Dec 31,			1Q21	1Q22
	2019	2020	2021		
<b>Income (loss) available to common shareholders</b>	<b>\$38.3</b>	<b>\$4.8</b>	<b>(\$172.8)</b>	<b>(\$103.5)</b>	<b>\$9.3</b>
Net realized and unrealized losses (gains) on investments	3.8	14.8	(13.3)	(5.8)	4.2
Other expenses	0.8	1.6	1.8	0.4	0.3
<b>Adjusted net operating (loss) income</b>	<b>\$42.9</b>	<b>\$21.2</b>	<b>(\$184.2)</b>	<b>(\$108.8)</b>	<b>\$13.9</b>

Tangible Equity & Tangible Common Equity	12 Months Ended Dec 31,			1Q21	1Q22
	2019	2020	2021		
<b>Shareholders' equity</b>	<b>\$778.6</b>	<b>\$795.6</b>	<b>\$725.4</b>	<b>\$639.6</b>	<b>\$647.7</b>
Plus: Series A redeemable preferred shares	-	-	-	-	144.9
Less: Goodwill and intangible assets	(218.8)	(218.2)	(217.9)	(218.1)	(217.8)
<b>Tangible equity</b>	<b>\$559.8</b>	<b>\$577.4</b>	<b>\$507.5</b>	<b>\$421.5</b>	<b>\$574.8</b>
Less: Series A redeemable preferred shares	-	-	-	-	(144.9)
<b>Tangible common equity</b>	<b>\$559.8</b>	<b>\$577.4</b>	<b>\$507.5</b>	<b>\$421.5</b>	<b>\$429.9</b>
Shares outstanding (000's)	30,424	30,649	37,373	30,775	37,448
Shares from conversion of Series A preferred	-	-	-	-	5,640
Shares outstanding after conversion of Series A preferred	30,424	30,649	37,373	30,775	43,088
<b>Shareholders' equity per share</b>	<b>\$25.59</b>	<b>\$25.96</b>	<b>\$19.41</b>	<b>\$20.78</b>	<b>\$17.30</b>
<b>Tangible equity per share</b>	<b>\$18.40</b>	<b>\$18.84</b>	<b>\$13.58</b>	<b>\$13.70</b>	<b>\$13.34</b>
<b>Tangible common equity per share</b>	<b>\$18.40</b>	<b>\$18.84</b>	<b>\$13.58</b>	<b>\$13.70</b>	<b>\$11.48</b>

\$ in millions  
Source: Company filings.



JAMES RIVER GROUP HOLDINGS, LTD.

**[InvestorRelations@jrgh.net](mailto:InvestorRelations@jrgh.net)**