



Specialty Property and Casualty Insurance

*Morgan Stanley
US Financials, Payments & CRE Conference*

June 15, 2022

Forward Looking Statements

Certain statements made during this presentation, as well as included in this document, are not historical facts and may be considered “forward-looking statements” and are based on estimates, assumptions and projections which management believes are reasonable but by their nature subject to risks and uncertainties. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements.

The reasons which could cause actual results and/or financial condition to differ materially from those suggested by such forward-looking statements include but are not limited to those discussed or identified from time-to-time in AFG’s filings with the Securities and Exchange Commission, including the annual report on Form 10-K and the quarterly reports on Form 10-Q. We do not promise to update such forward-looking statements to reflect actual results or changes in assumptions or other factors that could affect these statements.

Core net operating earnings is a non-GAAP financial measure which sets aside items that are generally not considered to be part of ongoing operations, such as net realized gains and losses, discontinued operations, as well as other significant items that are not able to be estimated with reasonable precision, or that may not be indicative of ongoing operations. AFG believes that this non-GAAP measure is a useful tool for investors and analysts in analyzing ongoing operating trends of AFG.

A History Dating Back 150 Years

We are specialists in providing P&C insurance products that help businesses manage their unique financial risks and exposures.

150

GREAT AMERICAN INSURANCE GROUP

A legacy of *great* since 1872nd

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

Superior Underwriting
Talent

7.5%

*Points of COR outperformance
vs. peers over 10 year period
ended 12/31/2021*

Specialty P&C
Combined
Ratio

9 years

*Consecutive years
under 94%*



Top Tier Specialty Property & Casualty Insurer

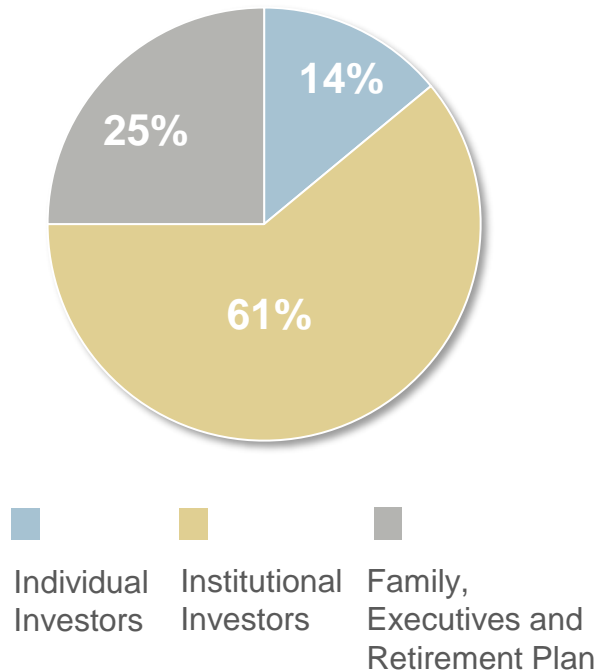


Our Corporate Values



Strategic Alignment of Interests for Optimal Results

Significant Ownership by Management



Unique, Incentive-Based Programs for P&C Business Leaders

- Annual awards
 - based on AY COR targets derived from ROE thresholds
 - paid over 2-3 years; claw back feature
- Long Term Incentive Comp (LTIC) Plan
 - 5-year measurement period based on AY COR targets derived from ROE thresholds
 - paid out over the following 4-5 years
- Attract, retain and reward key operating executives & officers

Profit Sharing for Employees

- Our Profit-Sharing Plan is a key component of AFG's Total Rewards Program, rewarding eligible employees for their contributions toward overall performance

Innovator in Risk Sharing and Alternative Risk Transfer Programs For Policyholders and Agents

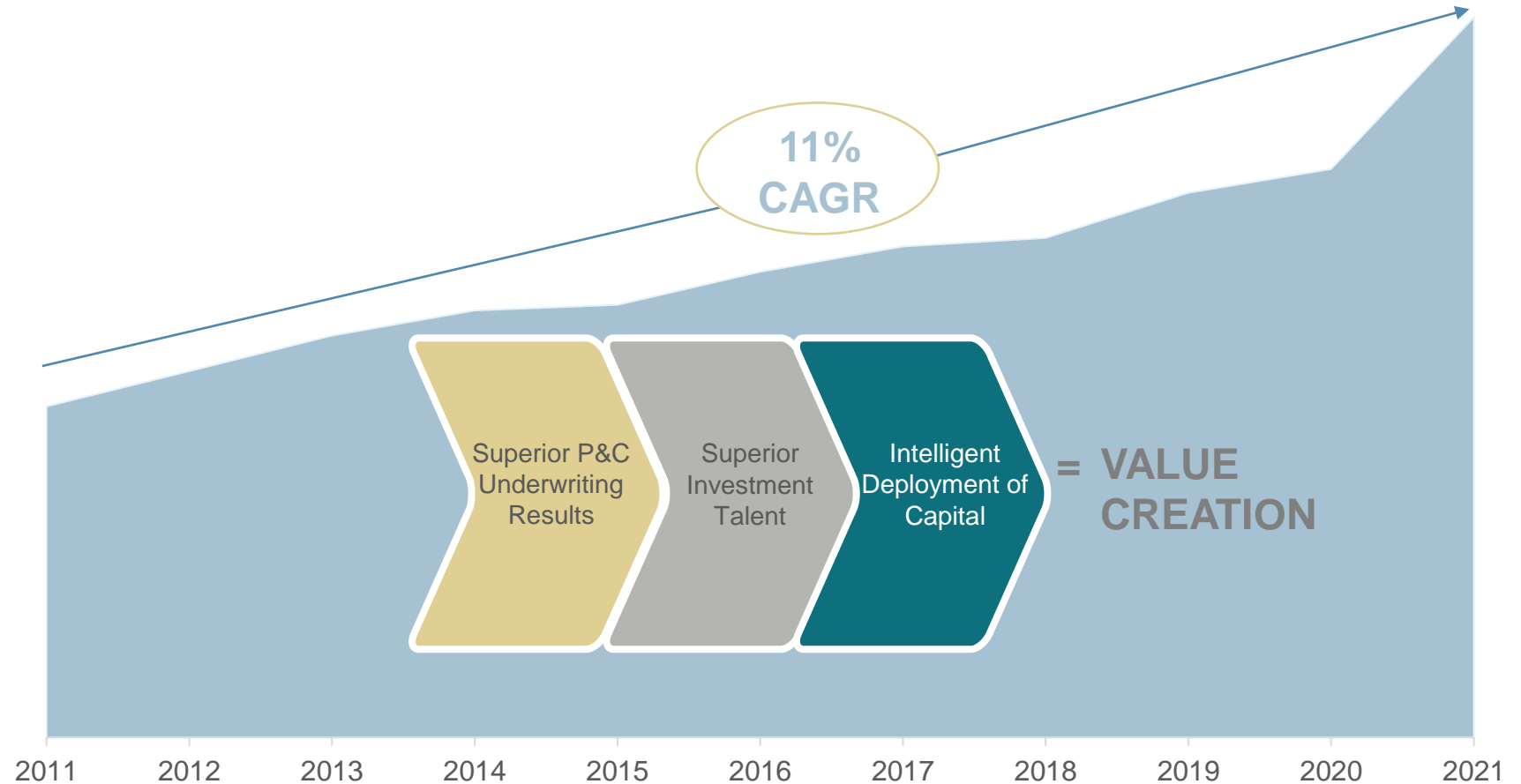


- A leader in providing risk sharing alternatives to the passenger transportation, moving & storage and trucking specialty transportation industries
- Through collaboration and specialized knowledge, we work with a variety of agency and group risk sharing programs in a wide range of industry segments in our Targeted Markets operations
- Our Strategic Comp business offers unique coverage options for workers' comp accounts that include higher retentions and specialty loss prevention – giving businesses more control over their costs, risks, and outcomes
- Innovative commission structures for distribution partners reward production of profitable business

Building Long-Term Value for AFG Shareholders

10 YEAR VIEW OF TOTAL VALUE CREATION

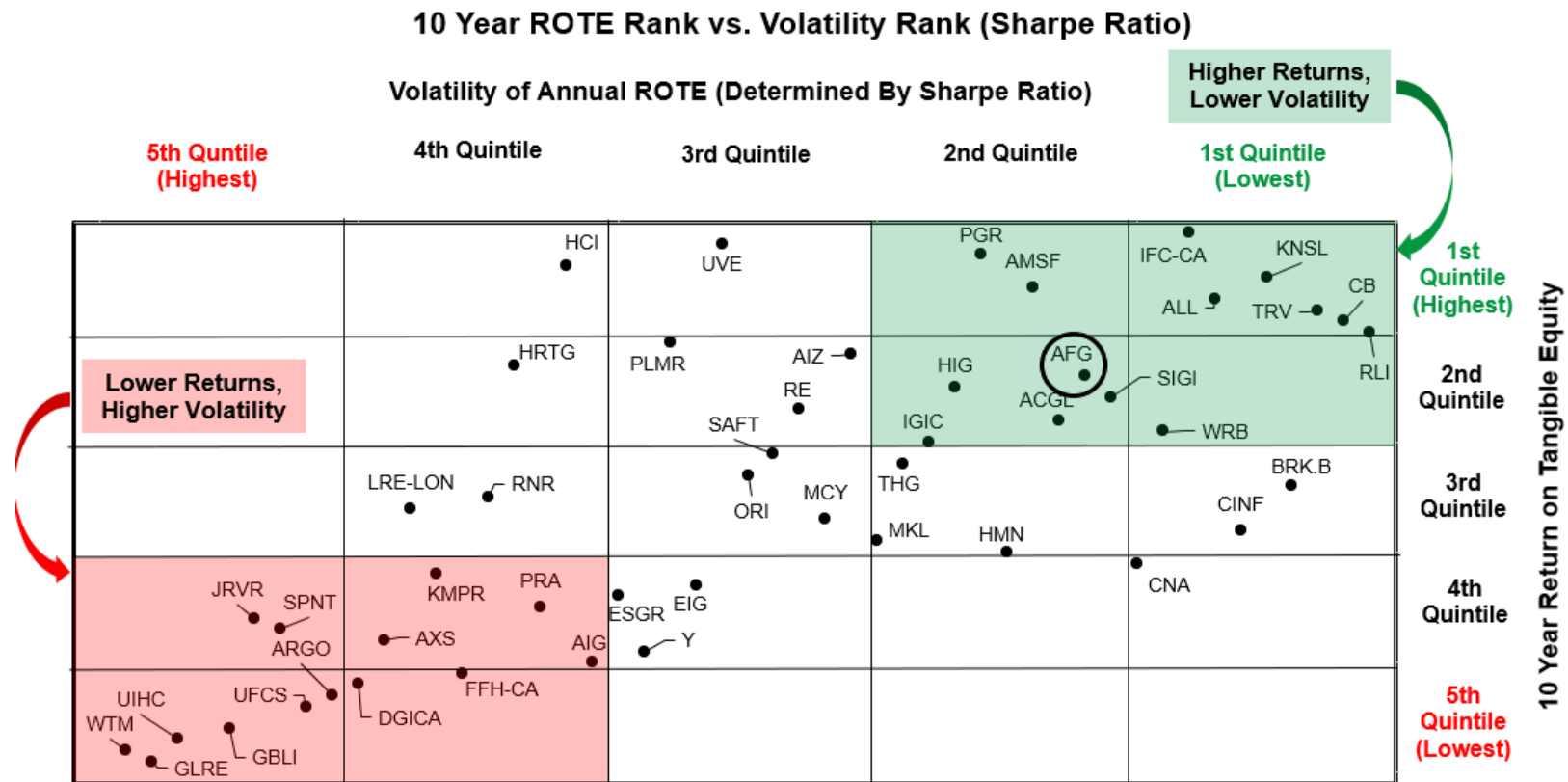
Growth in Adjusted
BVPS + Dividends



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

Higher Returns and Lower Volatility

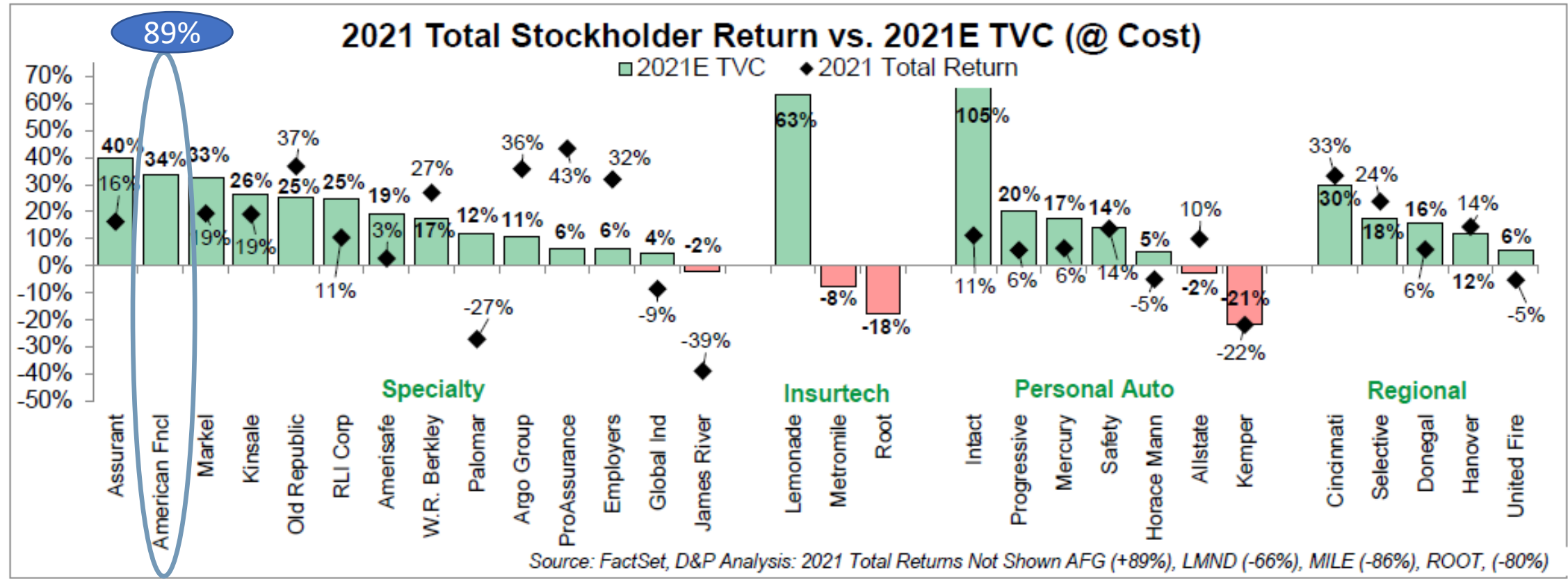
For the 10 years ended 12/31/21, AFG ranks favorably among peers with higher returns and lower volatility



Source: Dowling & Partners

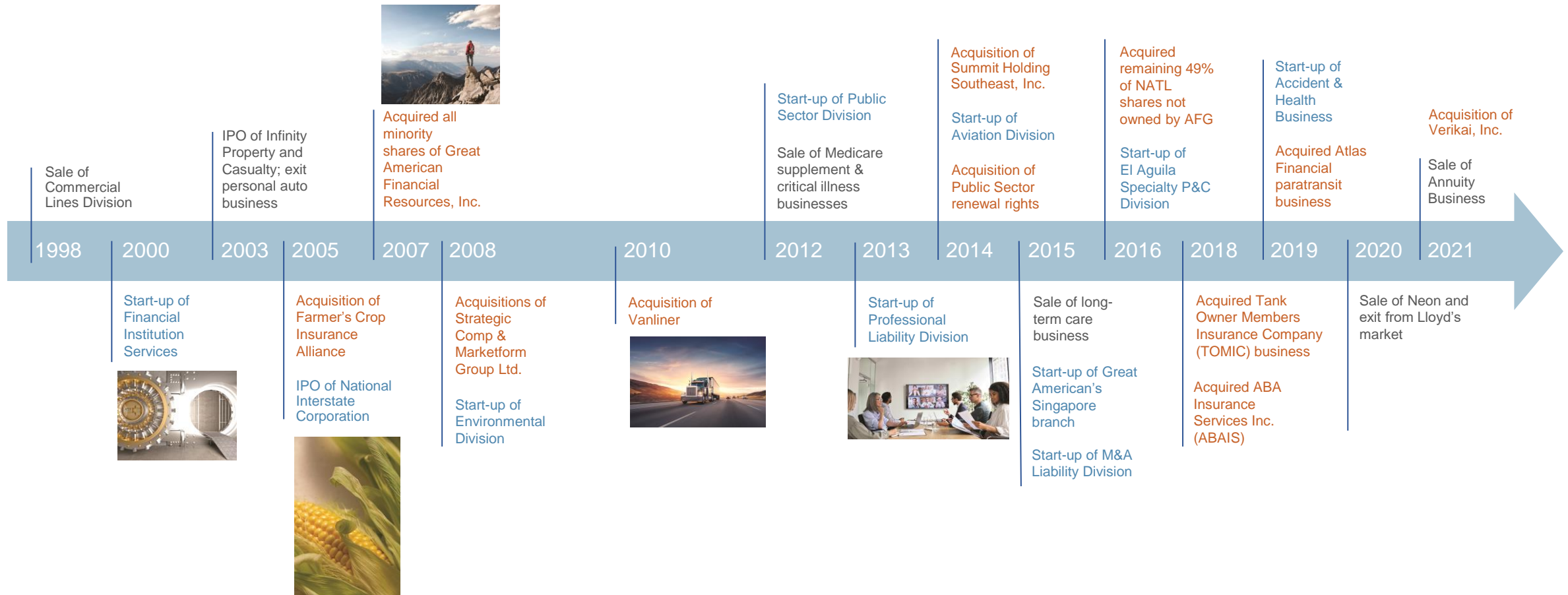
Strong Track Record of Value Creation

AFG stands out among peers with 2021 total stockholder return of +89%



Dowling & Partners – IBNR #1, January 6, 2022. 2021 Estimated Total Value Creation (TVC) vs. YTD Total Stock Return (TSR)

Focusing on What We Know Best



Specialty P&C Insurance Operations

We are specialists in providing property and casualty insurance solutions that fulfill today's needs and tomorrow's dreams. We are a trusted partner in delivering long-term value to our customers, employees and investors.

PROPERTY & TRANSPORTATION

Agribusiness (farm & ranch)

Commercial Automobile

Commercial Property

Crop

Equine Mortality

Inland and Ocean Marine

SPECIALTY CASUALTY

Excess and Surplus

Executive and Professional Liability

General Liability

M&A Liability

Public Entities

Targeted Programs

Umbrella and Excess Liability

Workers' Compensation

SPECIALTY FINANCIAL

Fidelity / Crime

Financial Institution Services

Lease and Loan Services

Surety

Trade Credit



Great American Insurance Company's Ratings



A+

Stable Outlook

S&P Global
Ratings

A+

Stable Outlook

MOODY'S

A1

Stable Outlook

Great American Insurance Company is **1** of only **4** companies rated “**A**” (Excellent) or better by A.M. Best for **110+ years**

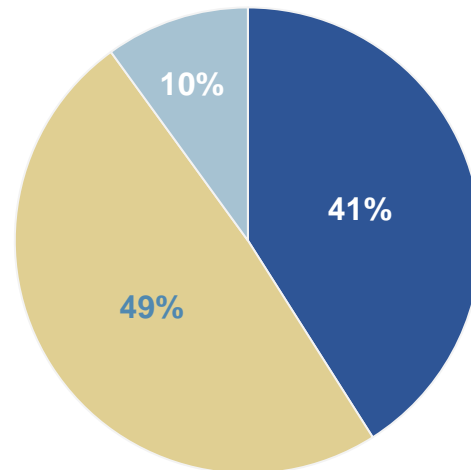
Diversified product offerings in niche markets
Consistent, solid underwriting results
Strong market positions
Strong capitalization
Low catastrophe risk profile



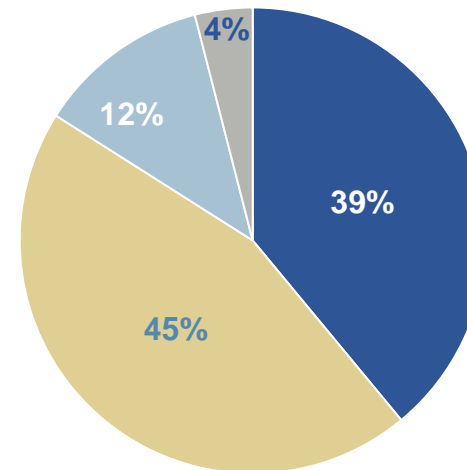
Specialty Property & Casualty Premium

Low correlation • Lower relative coastal exposure

**Gross Written Premiums
2021
\$7.9 Billion**



**Net Written Premiums
2021
\$5.6 Billion**



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

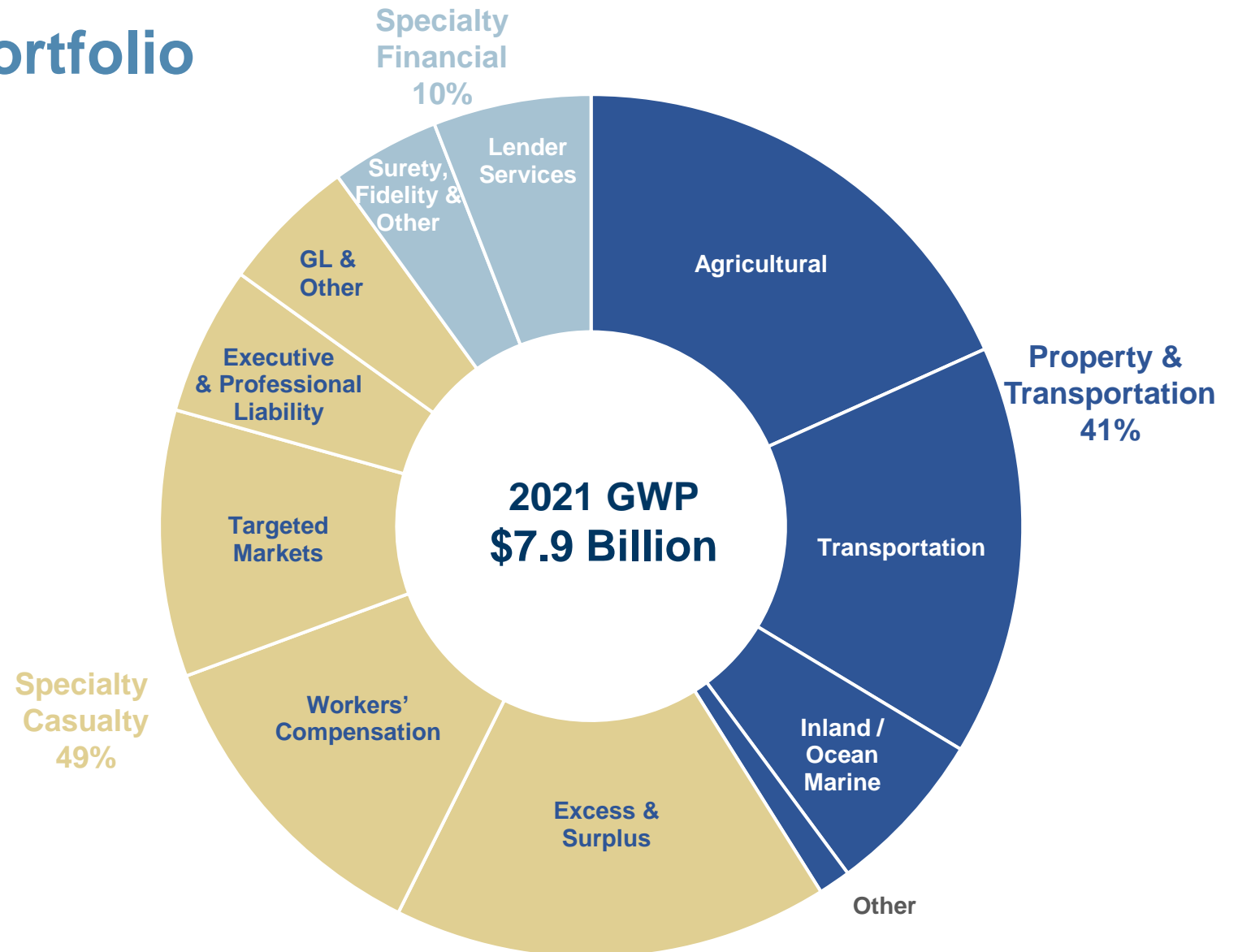
In 2021, approximately 50% of P&C Group GWP produced by businesses with “Top 10” market rankings including:
ABAIS • Crop • Equine • Fidelity/Crime • Financial Institution Services • FL Workers Comp • Moving & Storage •
Non-Profit/Social Services • Ocean Marine • Passenger Transportation • Public Entity • Trade Credit • Trucking

¹ Includes an internal reinsurance facility.

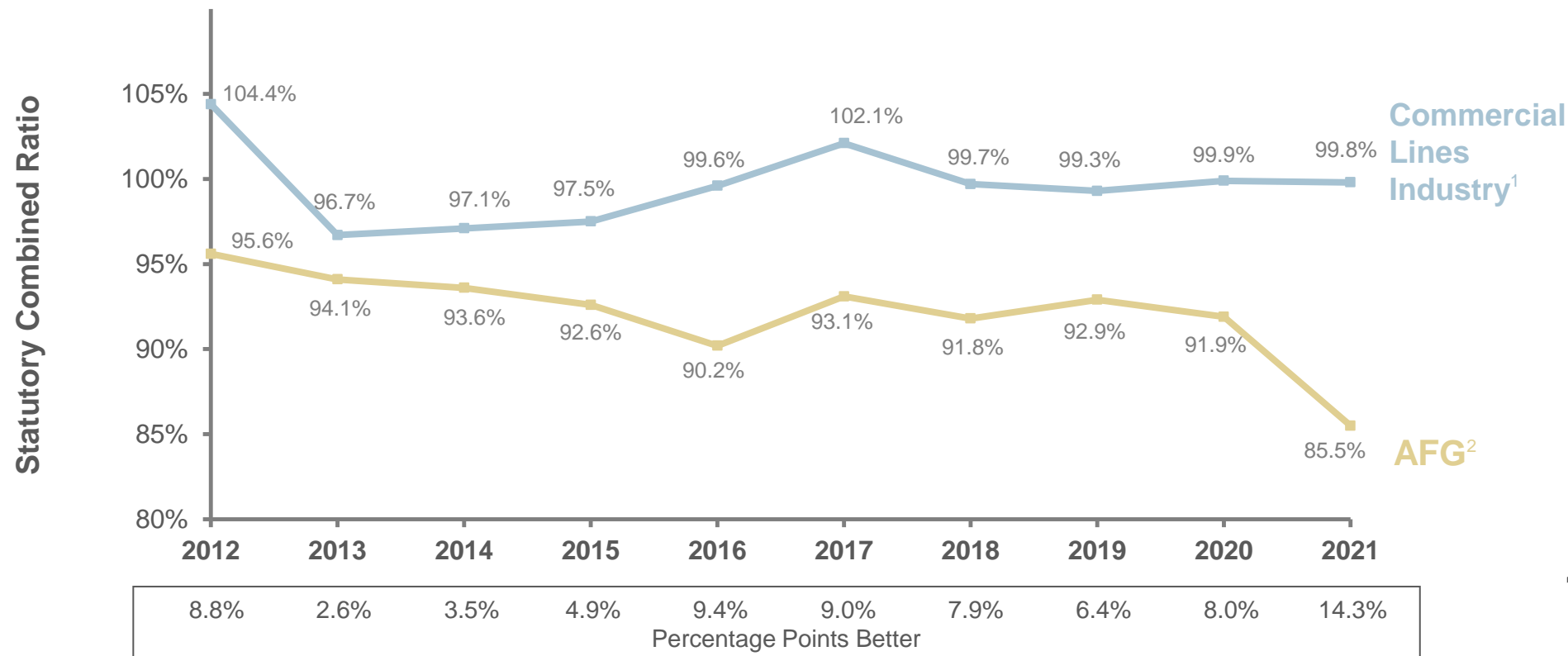
Diversified Product Portfolio

Gross Written Premiums

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



Superior Underwriting Talent

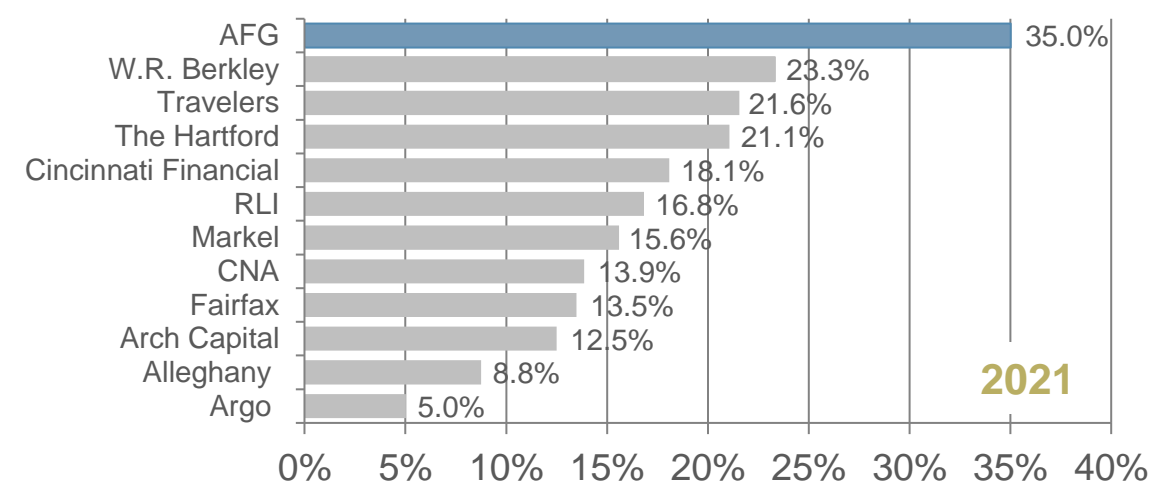
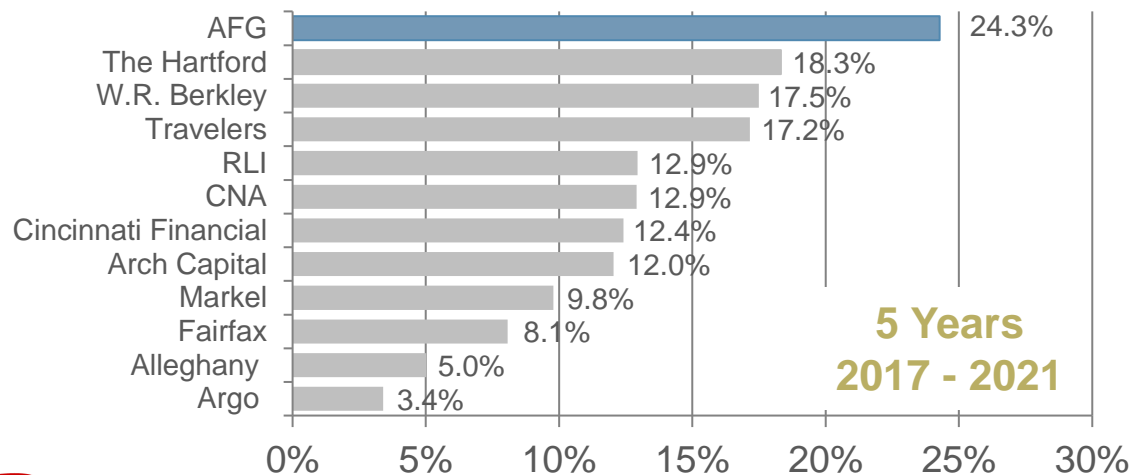
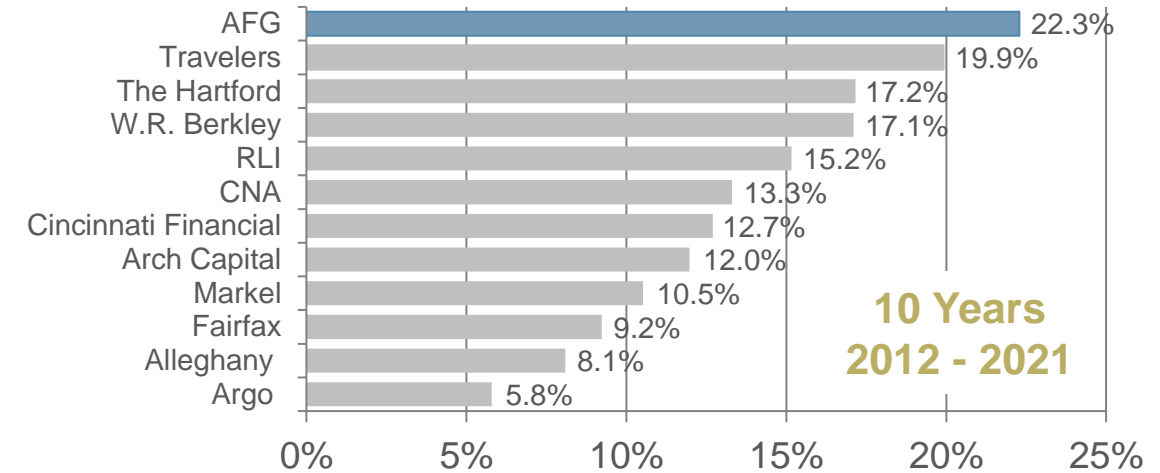
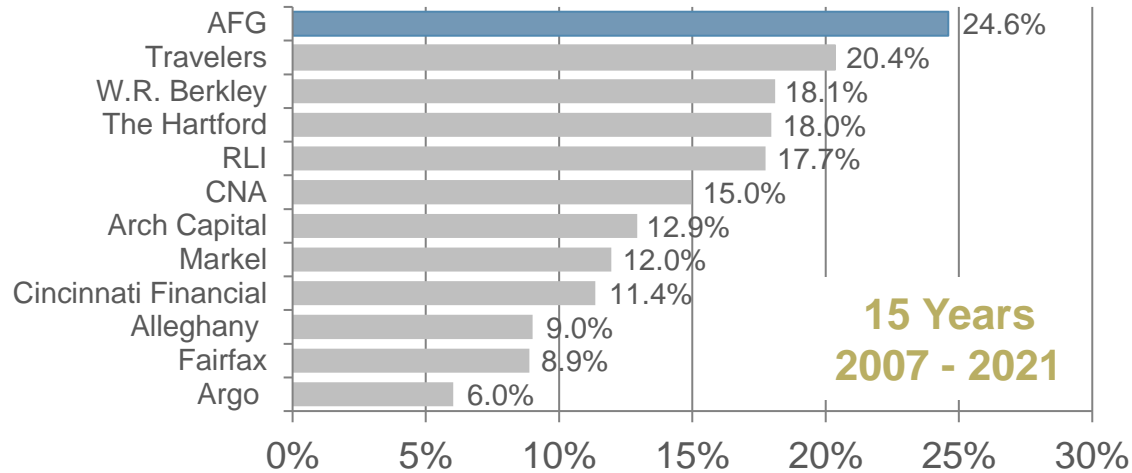


7.5%
Points
Better
Over the
10 Year
Period
Ended
12/31/2021

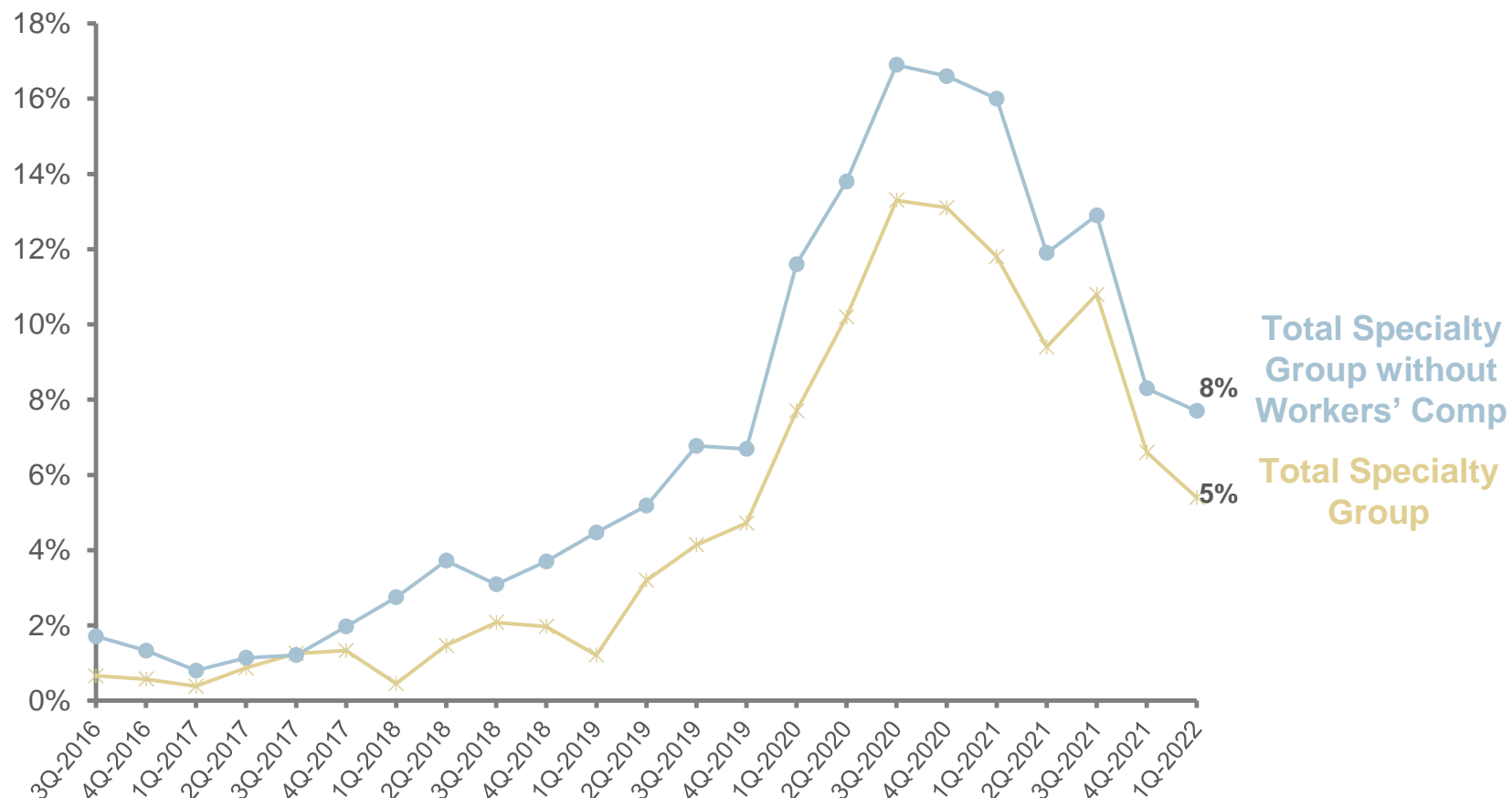
¹ Commercial Lines Industry based on data from A.M. Best's Market Segment Report – February 24, 2022.

² American Financial Group Form 10K filings.

Pretax Property & Casualty Returns

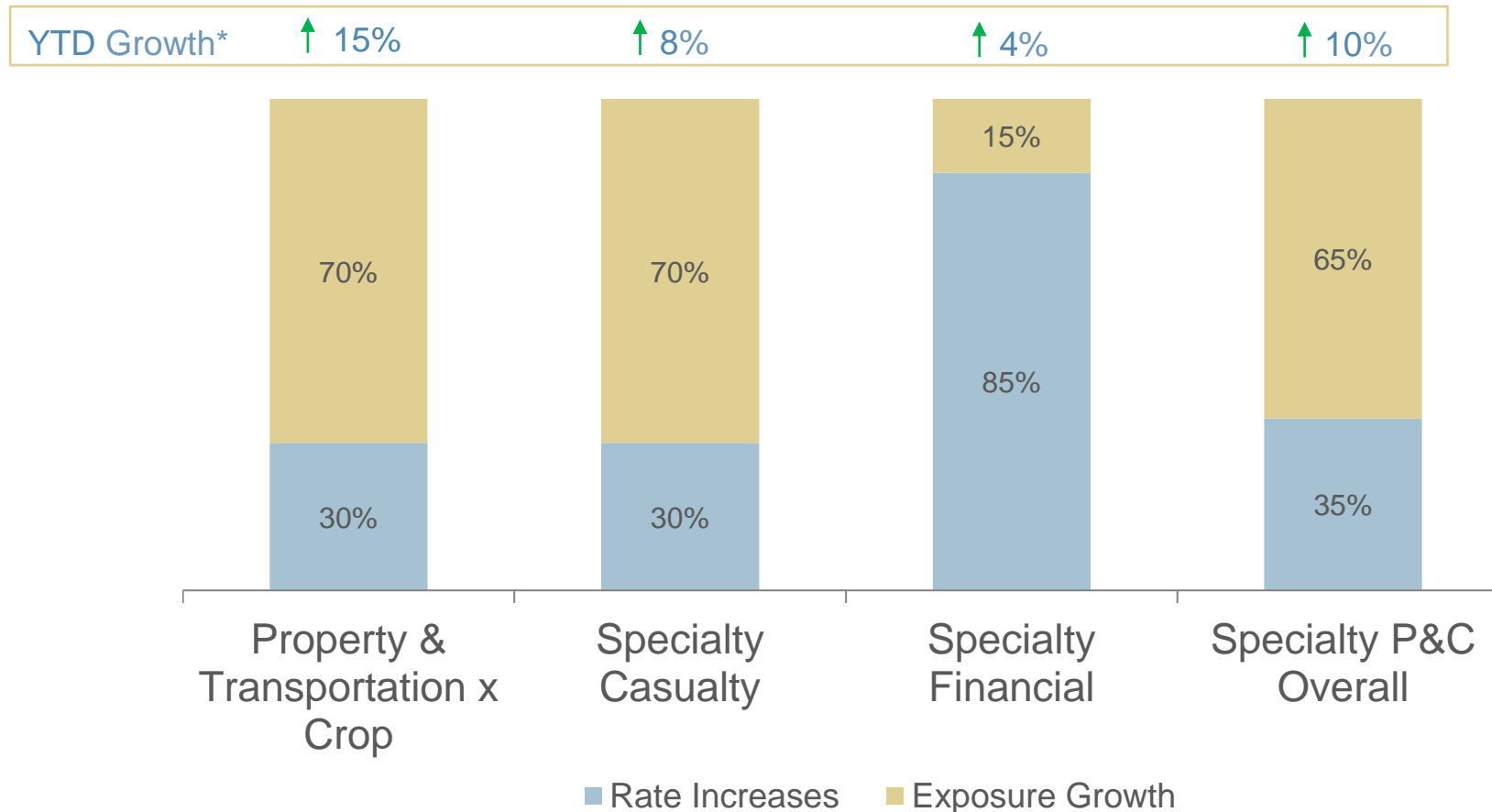


Specialty P&C Pricing Trends



We continue to achieve **strong renewal rate increases in excess** of prospective loss ratio trends in the vast majority of our businesses, with exceptionally strong renewal pricing in our longer-tailed liability businesses outside of workers' compensation.

Growth Premium Drivers – GWP through of March 31, 2022

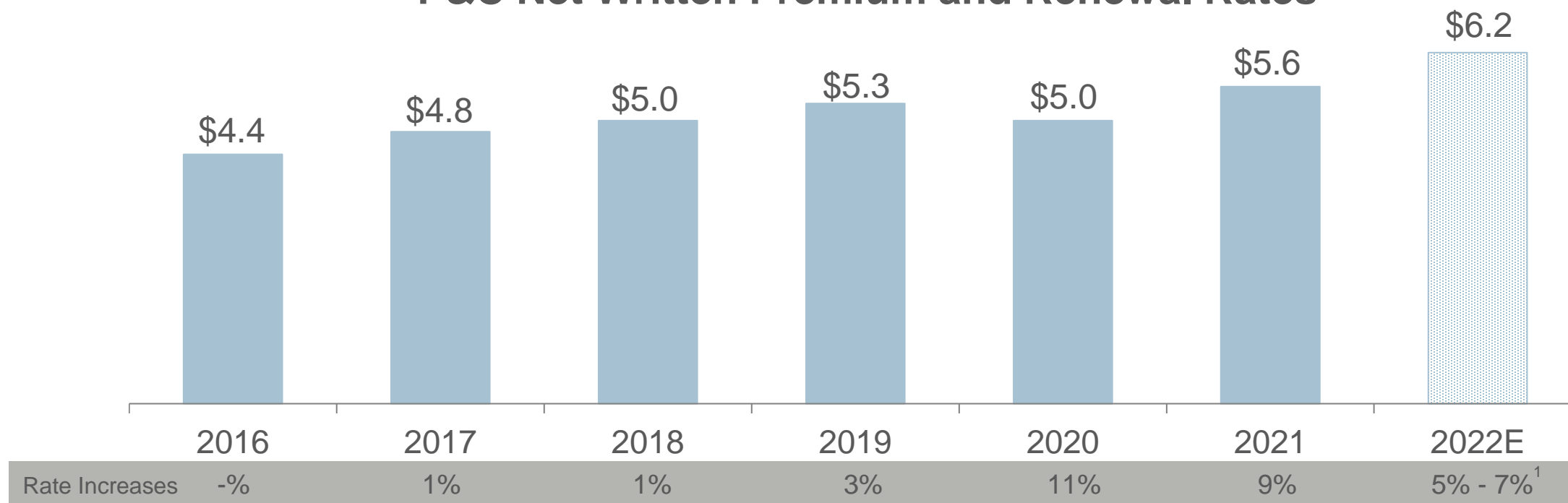


- Average renewal rate increase of 5% for Specialty P&C overall YTD
- Property & Transportation: Strong renewals favorably impacted by the timing of the renewal of a large account along with increased exposures in select commercial auto captive business; new business opportunities in commercial auto; writing well-priced new business in our ocean marine business
- Specialty Casualty: Significant renewal rate increases and new business opportunities in E&S and targeted markets business; also growth in executive and professional liability lines of business
- Specialty Financial: New business opportunities and rate increases in fidelity & crime

Specialty Property & Casualty Premium Growth

Dollars in billions

P&C Net Written Premium and Renewal Rates

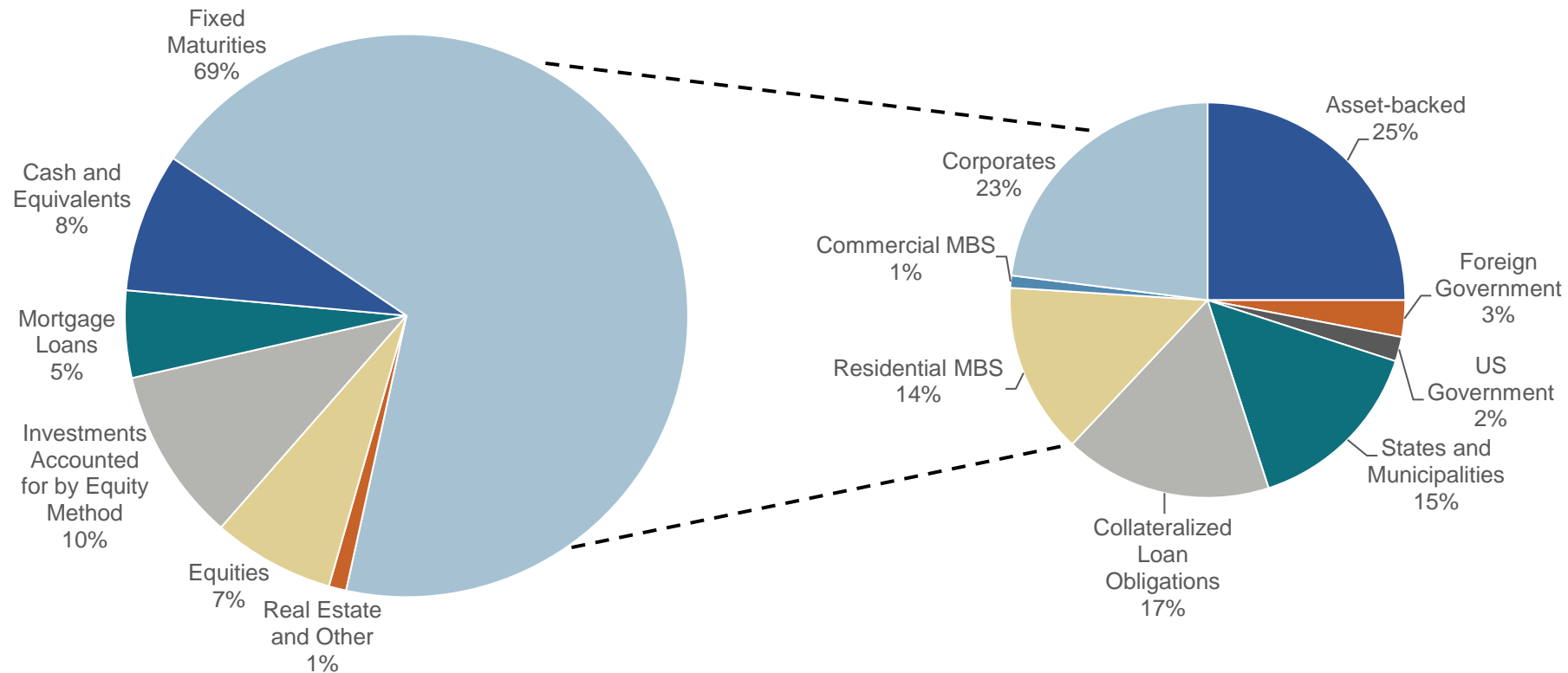


Overall Specialty P&C renewal rates increased approximately 5% in 1Q22. Excluding workers' compensation, renewal rates increased approximately 8%.

AFG Investment Portfolio

As of March 31, 2022

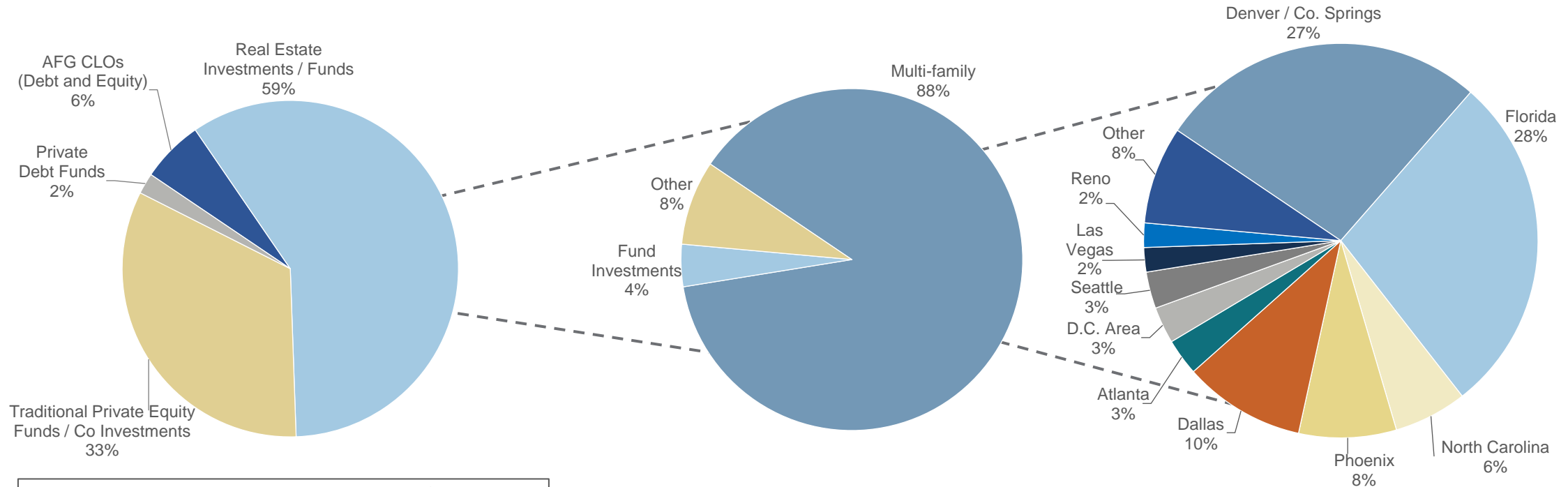
Fixed Maturities Portfolio – 90% investment grade
P&C Fixed Maturities Portfolio – 98% NAIC 1 & 2



Carrying Value – \$15.6 Billion

AFG Investment Portfolio – Alternative Investments

As of March 31, 2022



Alternative Investments¹
Total = \$2.0 Billion
(13% of total investments)

29% annualized return in 1Q22;
estimated to be 12% for
the full year 2022

¹ Alternative investments consist of investments accounted for using the equity method, equity securities MTM through investment income and AFG managed CLOs.

Investment Portfolio Characteristics

	AFG Consolidated
Approximate Average Duration – Fixed Maturities as of March 31, 2022	2.5 years
Annualized yield on available for sale fixed maturities	
Quarter ended 03/31/2022:	
• Net of investment expenses ¹	2.90%
• Tax equivalent, net of investment expenses ²	3.02%

¹ Annualized yield is calculated by dividing investment income for the quarter by the average cost over the quarter. Average cost is the average of the beginning and ending quarter asset balances.

² Adjusts the yield on tax-exempt bonds to the fully taxable equivalent yield.

Positioning & Outlook

Short Duration – Significant capacity for AFG to take advantage of recent increases in rates

Low Credit Risk – Significant capacity for AFG to take advantage of wider spreads offered by recent volatility in credit markets

- Insurance company fixed maturities duration (including cash) of approximately 2.5 years remains short relative to historical levels.
- Parent company cash and short duration fixed maturities of approximately \$1.7 billion as of March 31, 2022.

Strong Financial Position & Excess Capital

Dollars in millions, except per share data

Capital

- Above target levels for all rating agencies
- First quarter regular dividends = \$47 million
- Paid a \$170 million special dividend in the first quarter
- Paid a \$680 million special dividend in May 2022

Long-Term Debt

- Redeemed \$375 million principal amount of 3.5% Senior Notes on June 3, 2022
- No debt maturities until 2030
- No borrowings under \$500 million credit line

Financial Strength Ratings - U.S. Based P&C Insurers (where rated)

- A.M. Best: All companies = A+
- Standard & Poor's: All companies = A+
- Moody's: All companies = A1

	Proforma Mar 31, 2022 ¹	Mar 31, 2022	Dec 31, 2021
Principal amount of long-term debt	\$ 1,568	\$ 1,945	\$ 1,993
Adjusted shareholders' equity ²	4,266	4,948	4,876
Total adjusted capital	\$ 5,835	\$ 6,893	\$ 6,869
Ratio of debt to total adjusted capital ³			
Including subordinated debt	26.9%	28.2%	29.0%
Excluding subordinated debt	15.3%	18.4%	19.2%
Common shares outstanding	85.103	85.103	84.921
<u>Book value per share:</u>			
Book value per share	\$ 48.78	\$ 56.81	\$ 59.02
Adjusted ²	50.11	58.14	57.42
Tangible, adjusted ⁴	45.99	54.02	53.26
Parent company cash and investments	\$ 639	\$ 1,706	\$ 1,857
Excess Capital	\$ 1,033	\$ 2,020	\$ 2,133

¹ Adjusted for \$8.00 per share special dividend and debt redemption announced on May 4, 2022 (as if both occurred on March 31, 2022).

² Excludes net unrealized gains related to fixed maturity investments.

³ The ratio is calculated by dividing the principal amount of AFG's long-term debt by its total capital, which includes long-term debt and shareholders' equity (excluding unrealized gains related to fixed maturity investments).

⁴ Excludes net unrealized gains related to fixed maturity investments, goodwill and intangibles.

Intelligent Use of Excess Capital

2021 Capital Management

- Returned \$2.7 billion of capital to shareholders
- 12% increase in regular annual dividend
 - 16th consecutive annual dividend increase
- Five special dividends totaling \$26.00 per share paid in 2021
- Repurchased \$319 million of AFG common shares

2022 Capital Management

- Two special dividends paid in 2022
 - \$8.00 per share special dividend paid in May 2022
 - \$2.00 per share special dividend paid in March 2022
- Excess capital at March 31, 2022 approximately \$2.0 billion
- 7.7 million shares remaining in repurchase authorization as of March 31, 2022

Capital Returned to Shareholders Five Years Ended 12/31/2021 (in millions)

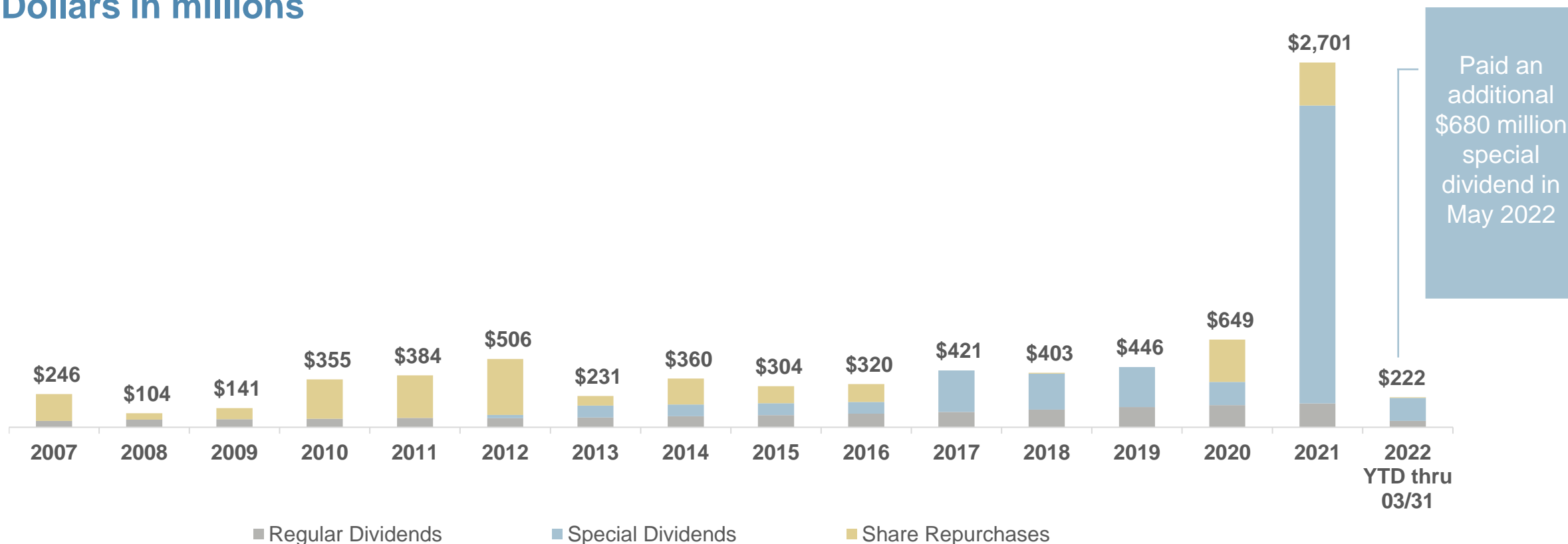
Dividends Paid	\$ 3,983
Repurchases	<u>638</u>
Total	<u><u>\$ 4,621</u></u>



\$4.6 Billion Returned to Shareholders

Balanced Approach to Capital Allocation

Dollars in millions

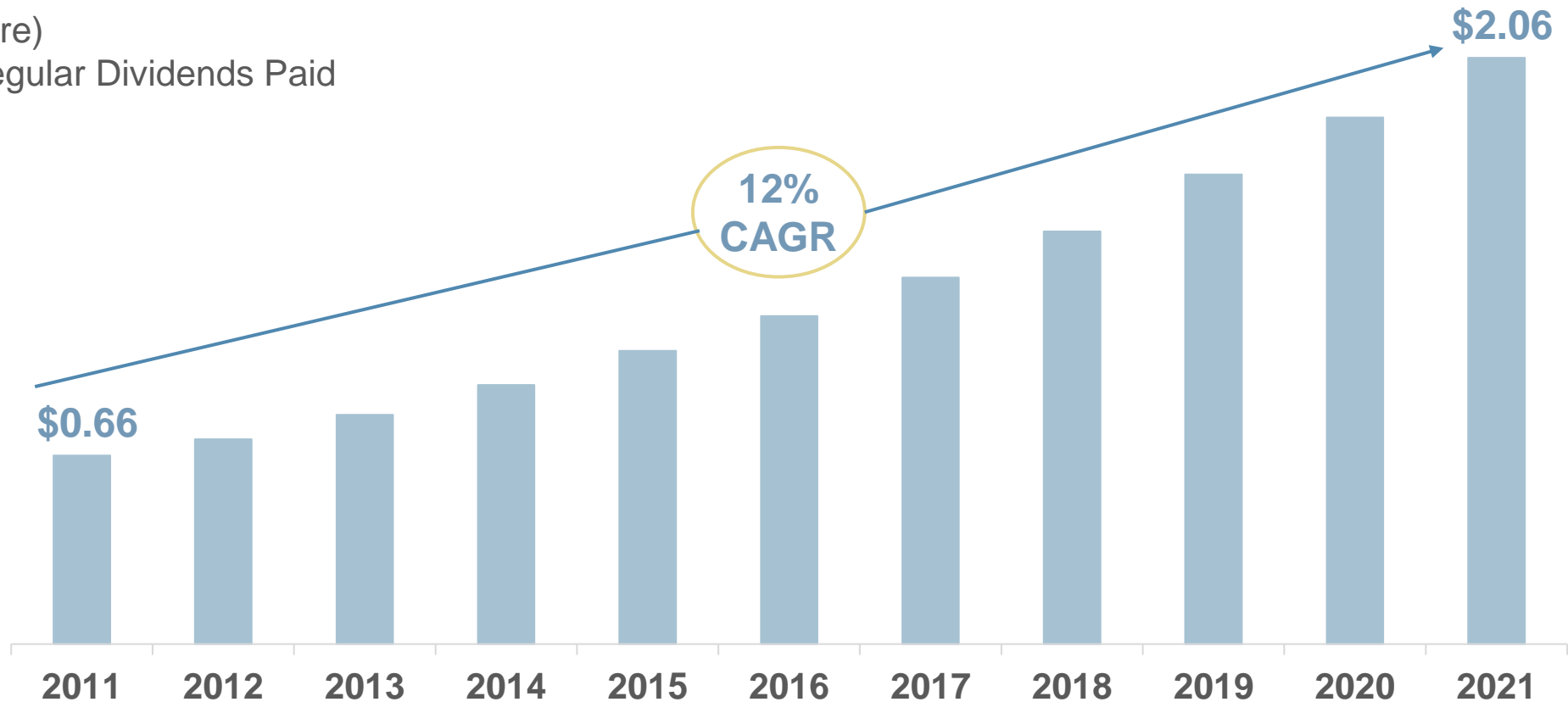


Between years 2009 – 2012, AFG repurchased **33.7 million** shares at a weighted average price of **approximately 90.5% of adjusted book value** (*book value per share excluding appropriated retained earnings and net unrealized gains (losses) related to fixed maturities*).

Double-Digit Growth in Regular Dividends

(\$ per share)

Annual Regular Dividends Paid



Including the \$2.00 special dividend paid in March 2022, and the \$8.00 special dividend paid in May 2022, AFG has paid \$52.05 per share in special dividends since 2012.

Protecting What Matters

We sustain AFG's business success by effectively managing risk—financial, social, environmental—to help create stability for our customers and deliver value to our shareholders.

We focus our corporate responsibility and sustainability strategies in four primary areas where AFG can achieve the most direct and substantial results:

- Operating our business with integrity and managing financial risk
- Giving back to our communities and promoting social opportunity
- Creating a welcoming, rewarding and safe place to work and build a career *Be here. Be great.*
- Managing environmental risk and operating sustainably

for the *greater* good



2022 Outlook

AFG's 2022 core net operating earnings guidance of \$10.50 - \$11.50 per share, an increase from previous guidance of \$9.75 - \$10.75 per share

	Updated Guidance ¹		February Guidance		
	NWP Growth	Combined Ratio	NWP Growth	Combined Ratio	2021 Actual
Specialty P&C Group Overall	8% – 12%	85% – 87%	8% – 12%	85% – 87%	86.4%
<u>Business Groups:</u>					
Property & Transportation	11% – 15%	87% – 91%	8% – 12%	87% – 91%	87.1%
Specialty Casualty	6% – 10%	80% – 84%	6% – 10%	80% – 84%	84.3%
<i>Excluding Workers' Comp</i>	<i>7% – 11%</i>		<i>7% – 11%</i>		
Specialty Financial	4% – 8%	84% – 88%	8% – 12%	84% – 88%	85.1%

P&C average renewal rates up 5% to 7% when compared to 2021

¹ Reflects an average crop year and an annualized return of approximately 12% on alternative investments.

Appendix

Financial Highlights – First Quarter 2022

Dollars in millions, except per share data

- Results of Operations:

- Core net operating earnings
- Core net operating earnings per share
- Average number of diluted shares

Three Months Ended
March 31,

2022 2021

\$ 303	\$ 206
\$ 3.56	\$ 2.38
85.2	86.6

- Book Value per Share:

- Excluding unrealized gains related to fixed maturities
- Tangible, excluding unrealized gains related to fixed maturities

March 31, Dec. 31,
2022 2021

\$ 58.14	\$ 57.42
\$ 54.02	\$ 53.26

- Capital Adequacy, Financial Condition and Liquidity:

- Maintained capital at levels that support operations; in excess of amounts required for rating levels
- Excess capital of approximately \$2.0 billion at March 31, 2022, including parent company cash and investments of approximately \$1.7 billion

Financial Highlights – 2021

Dollars in millions, except per share data

- Results of Operations:

- Core net operating earnings
- Core net operating earnings per share
- Average number of diluted shares

- Core Operating Return on Equity²:

- AFG Consolidated³

- Book Value per Share:

- Excluding unrealized gains related to fixed maturities
- Tangible, excluding unrealized gains related to fixed maturities⁴

Twelve Months Ended
December 31,

<u>2021</u>	<u>2020</u> ¹
\$ 993	\$ 481
\$ 11.59	\$ 5.40
85.6	89.2
<u>2021</u>	<u>2020</u> ¹
18.6%	9.2%

<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>
\$ 57.42	\$ 63.61
\$ 53.26	\$ 60.82

18.6%
Core Operating
Return on Equity

34.4%
Growth in Adj
BVPS + Dividends

¹ On May 28, 2021, AFG completed the sale of its Annuity business to MassMutual. The results of AFG's Annuity operations are reported as discontinued operations beginning with the first quarter of 2021 and through the date of sale, in accordance with GAAP, which included adjusting prior period results to reflect these operations as discontinued.

² Equity excludes AOCI.

³ Includes the impact of holding company and other operations not reported in AFG's operating segments.

⁴ Tangible BVPS for 12/31/2021 update relates solely to a revision to the preliminary purchase price allocation of an acquired subsidiary.

Specialty Property & Casualty Businesses

Dollars in millions

	Net Written Premium					2022E excl. Workers' Comp
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>% Change</u>	<u>2022E¹</u>	
Specialty Property & Transportation	\$ 1,876	\$ 1,887	\$ 2,157	14%	11% – 15%	
Specialty Casualty	\$ 2,701	\$ 2,304	\$ 2,540	10%	6% – 10%	7% – 11%
Specialty Financial	\$ 617	\$ 604	\$ 658	9%	4% – 8%	
Other Specialty	<u>\$ 148</u>	<u>\$ 197</u>	<u>\$ 218</u>	<u>11%</u>	n/a	
Total Specialty	<u>\$ 5,342</u>	<u>\$ 4,992</u>	<u>\$ 5,573</u>	<u>12%</u>	8% – 12%	9% – 13%

¹ 2022E based on guidance issued May 5, 2022.

Specialty Property & Casualty Businesses

	GAAP Combined Ratio			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022E¹</u>
Specialty Property & Transportation	95.7%	90.4%	87.1%	87% – 91%
Specialty Casualty	93.3%	90.0%	84.3%	80% – 84%
Specialty Financial	85.0%	91.8%	85.1%	84% – 88%
Total Specialty	93.7%	91.3%	86.4%	85% – 87%

¹ 2022E based on guidance issued May 5, 2022.

Business Spotlight: Crop Insurance

Helping generations of farmers manage their risks since 1915

Specialized Crop Coverage Including Multiple Peril Crop Insurance (MPCI), Crop-Hail, Named Peril Insurance

One of a select few private companies authorized by the United States Department of Agriculture Risk Management Agency (USDA RMA) to write MPCI policies.

#5 Ranked

Provider of Multi-Peril Crop Insurance

9%

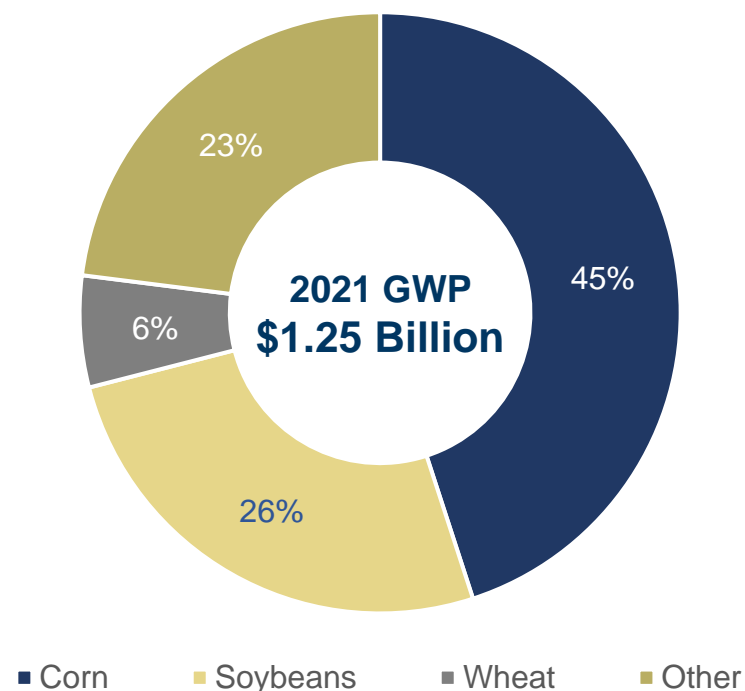
Market Share

AFG is the **largest U.S.-based parent** company of an Approved Insurance Provider (AIP). Great American Insurance Company is one of the few original MPCI program participants.

June 2022 Update

- Net written premiums are projected to be up approximately 30% in 2022.
- Corn and soybean plantings and emergence are well in line with historical averages in most of the major corn and soybean growing states. On a consolidated basis, we do not believe our prevented planting acres nationally will be meaningfully above historical numbers.
- Current commodity futures for corn and soybeans are trading approximately 22% and 7% higher, respectively, than the 2022 spring discovery prices. While the year-over-year increase in spring discovery pricing will favorably impact premiums written, our crop results for 2022 will depend on the harvest in the second half of the year.

MPCI Premium Breakdown by Crop



Innovation Capabilities and Technology

- 🔄 Improved Risk Selection
- 🔄 Instantaneous quote and bind capabilities
- 🔄 Enhanced digital experiences
- 🔄 Document extraction generating underwriting efficiencies



25+
collaborations
in place

15+
planning /
piloting phase

