



**BOWHEAD**  
SPECIALTY

# Investor Presentation

August 2024

# Forward Looking Statements

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# Our key investment highlights

- 1 Focused on profitable, growing lines in attractive E&S market
- 2 Strong underwriting culture with fully-integrated and accountable value chain
- 3 Ability to deliver differentiated profitability across market cycles
- 4 Deep, long-standing distribution relationships based on expertise, service and mutual benefit
- 5 Highly experienced and entrepreneurial management team
- 6 Clean balance sheet with no reserves from accident years prior to 2020
- 7 Commitment to long-term value generates strong returns, making us well-positioned for continued growth



## Bowhead: Who we are



# BOWHEAD SPECIALTY

Growing and profitable E&S focused specialty P&C business founded and led by industry veteran, Stephen Sills, and supported through a strategic partnership with American Family Mutual Insurance Company, S.I. ("AmFam")

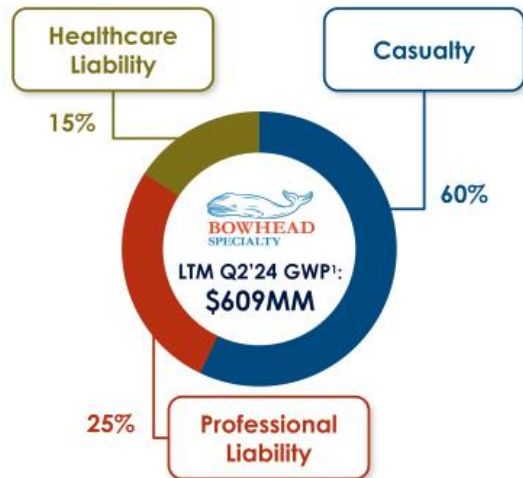
**Underwriting-first**  
culture led by people  
with proven track  
records

**"Craft"**  
solutions in attractive  
markets with strong  
tailwinds

**Sustainable**  
underwriting across  
market cycles

# Bowhead: By the numbers

## 3 underwriting divisions



## Key highlights

**\$609MM**

LTM Q2'24<sup>1</sup>  
GWP

**49%**

2021 – LTM Q2'24<sup>1</sup>  
GWP CAGR

**77%**

LTM Q2'24<sup>1</sup> GWP written  
on E&S basis

**98.7%**

YTD June 2024  
Combined ratio<sup>2</sup>

**12.1%**



































YTD June 2024  
Adjusted ROE<sup>3</sup>

**30+**

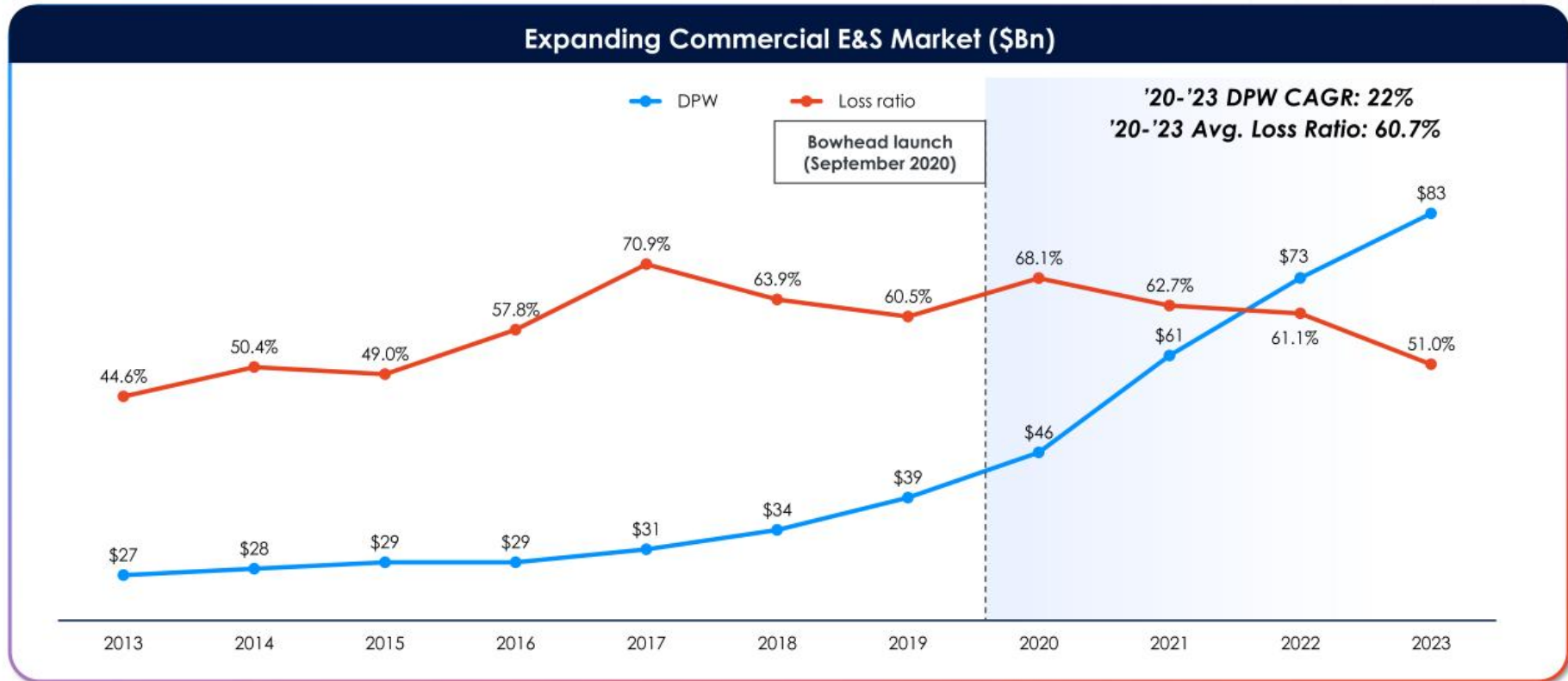
Average years of  
experience of  
leadership team<sup>4</sup>

Note: <sup>1</sup> Last twelve months ("LTM") ended June 30, 2024; <sup>2</sup> Combined ratio for the six months ended June 30, 2024 was comprised of a 65.5% loss ratio and a 33.2% expense ratio. The loss ratio is based on loss picks informed by industry data rather than only using internal data from our limited operating history. Movement in loss ratio from last year reflects a shift in the mix of our business to a greater percentage of our book being in Casualty, where industry loss ratios have deteriorated. We did not take down any reserves, nor did we experience any loss activity in excess of our own expectations. The expense ratio is impacted by the continued investment in our business and a \$1.3 million acceleration of remaining stock-based compensation costs associated with management's profit interest through operating expenses; <sup>3</sup> YTD June 2024 adjusted ROE is calculated as adjusted net income divided by the average of mezzanine and stockholders' equity as of December 31, 2023 and June 30, 2024. For the six months ended June 30, 2024, adjusted net income is annualized to arrive at adjusted ROE. Adjusted ROE was impacted by the \$147.8 million increase in mezzanine and stockholders' equity and a \$3.2 million reduction in after tax net income as a result of our initial public offering; <sup>4</sup> Leadership team includes Stephen Sills, David Newman, Jeff Saunders, Daniel Gamble and Lainie Domeker.

# Highly experienced and entrepreneurial management team

Name and position	Years of industry experience	Leadership role prior to joining Bowhead	Prior professional experience
 <b>Stephen Sills</b> Founder and CEO	48	Chairman and CEO of CapSpecialty	  
 <b>David Newman</b> Chief Underwriting Officer	45	Chief Underwriting Officer of Allied World's Global Markets division	 
 <b>Brad Mulcahey</b> Chief Financial Officer	21	Chief Financial Officer of Berkley Select, a division of W.R. Berkley Corp	   
 <b>Maria Morrill, P.H.D., FCAS</b> Chief Actuary	24	Senior Vice President at Allied World	    
 <b>Chris Butler, JD</b> Head of Claims	20	Managing Director, Professional Liability Claims at Markel	   
 <b>Jeff Saunders</b> Head of Casualty	36	Head of Wholesale at Navigators Group	  
 <b>Dan Gamble</b> Head of Professional Liability	30	Managing Director, Management & Professional at Markel	  
 <b>Lainie Dorneker, JD</b> Head of Healthcare Liability	20	President of IronHealth, Ironshore's Healthcare Professional Liability and Financial Lines division	 

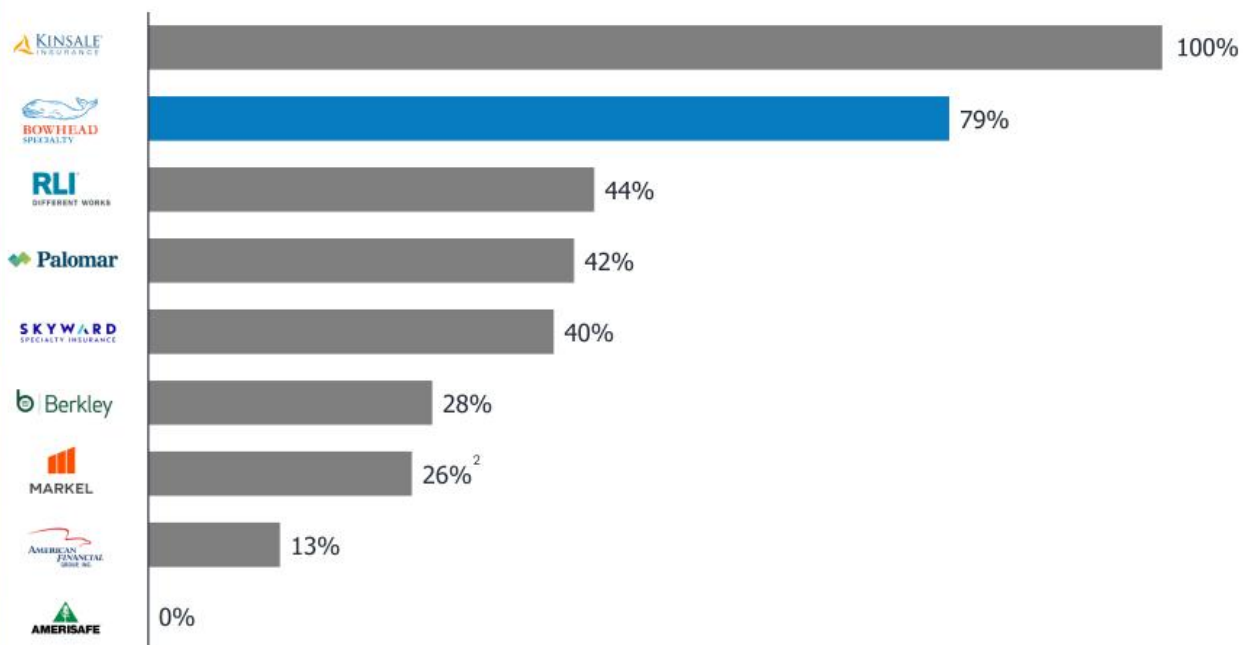
# Focused on profitable, growing lines in attractive E&S market



Source: S&P Global; Note: E&S premiums sourced per S&P Global based on license types in Schedule T of statutory filings

## Focused on profitable, growing lines in attractive E&S market (cont'd)

E&S premiums<sup>1</sup> as % of 2023 GAAP GWP

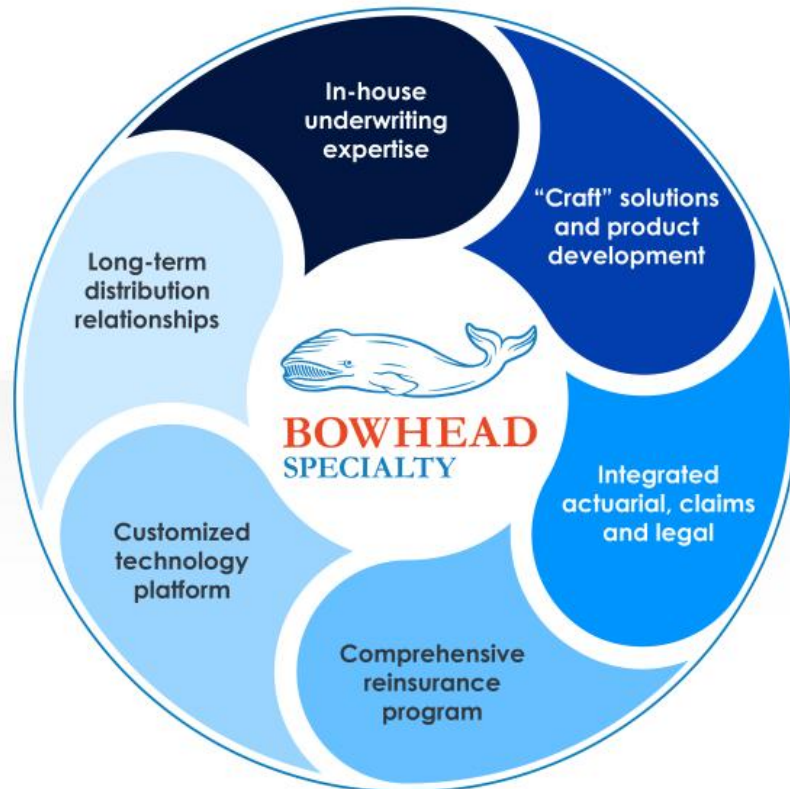


- We are focused on profitable and growing lines within **the ~\$83 billion U.S. commercial E&S market<sup>3</sup>**
- **Our target markets<sup>4</sup>** have undergone meaningful dislocations and **have outperformed the broader U.S. commercial E&S market by an average of 4 loss ratio points since 2019**

Source: S&P Global; Note: <sup>1</sup> Represents 2023 statutory direct written premiums; <sup>2</sup> Markel U.S. GAAP GWP includes program services and fronting; <sup>3</sup> For the year ended December 31, 2023; <sup>4</sup> Represents Other Liability: Occurrence, Other Liability: Claims Made and Medical Professional Liability: Claims Made



## Strong underwriting culture with fully-integrated and accountable value chain



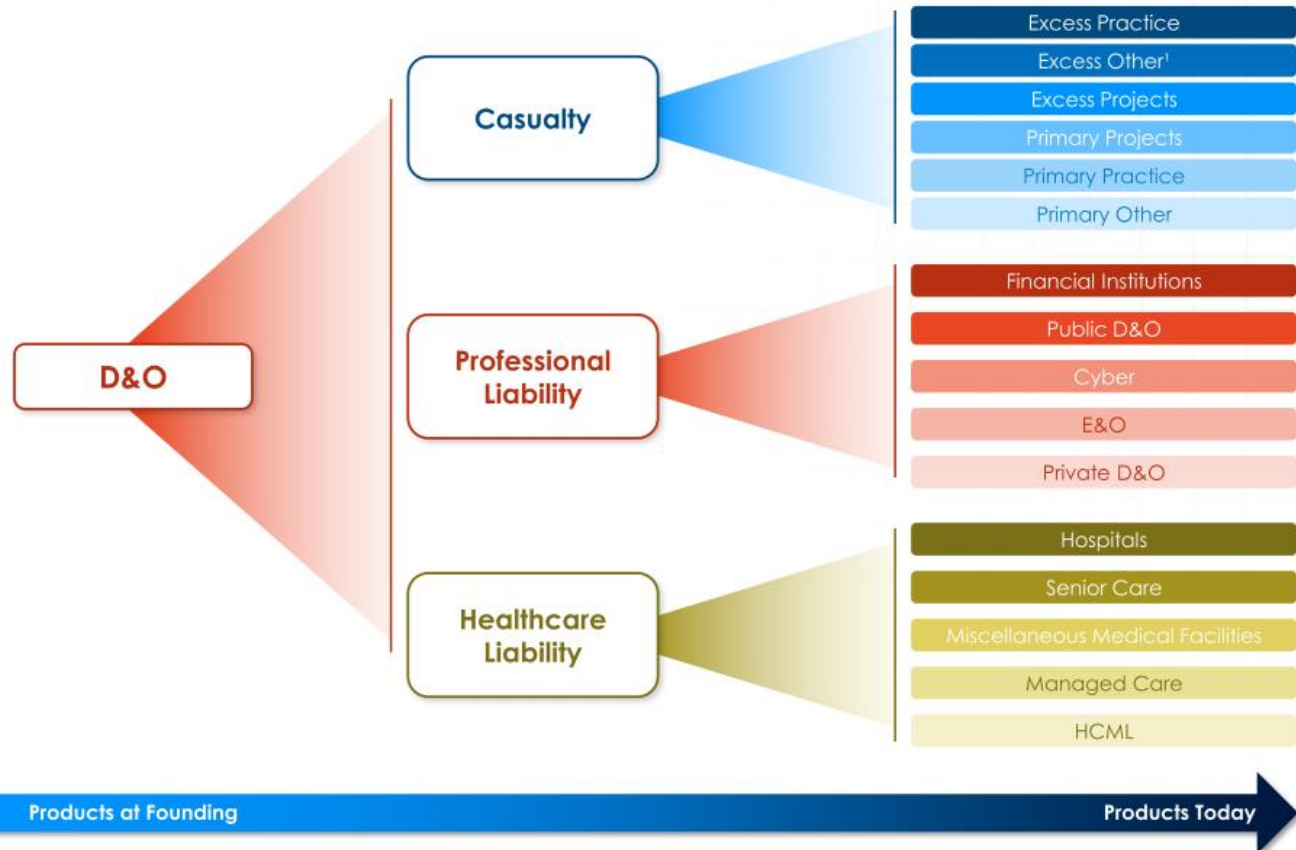
- We **do not delegate underwriting to outside parties**, which is a key component of our fully-integrated model
- Our unique platform allows us to deliver **our custom solutions to clients while consistently generating underwriting profit** within our business

# Ability to deliver differentiated profitability across market cycles

## Underwriting matters—and is our key value proposition

- ✓ Highly experienced team with previous leadership positions at leading insurance companies
- ✓ Specific subject matter experts with proven track records of generating underwriting profits within the lines they write
- ✓ Created primary capabilities across all our products as part of cycle management strategy
- ✓ Strong and disciplined underwriting culture built around rigorous analytical tools ("BRATs") and cross-functional collaboration ("Roundtables")

Note: <sup>1</sup> Excess Other includes Public Entity



# Clean balance sheet with no reserves from accident years prior to 2020



## Free from legacy reserves

- Diversified and attractive specialty P&C portfolio with no catastrophe exposure
- Reflects continuously favorable rate environment with no business or reserves from pre-2020 accident years



## Prudent financial profile

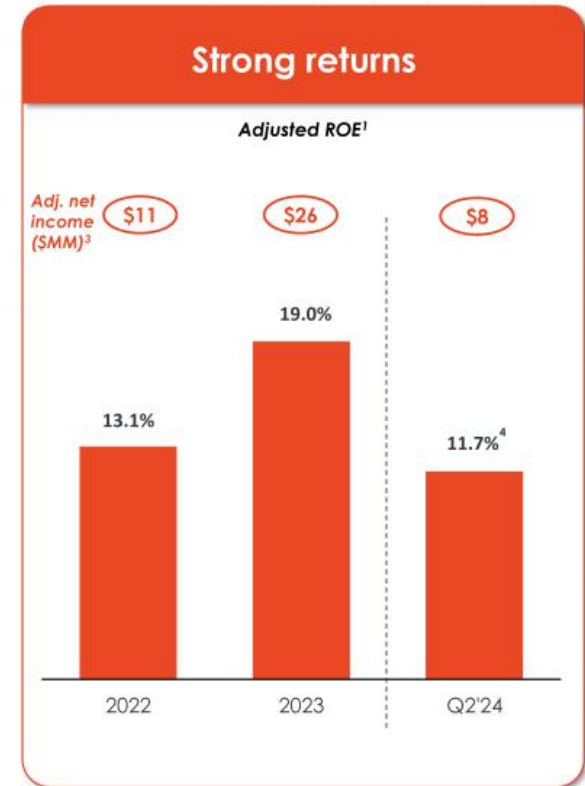
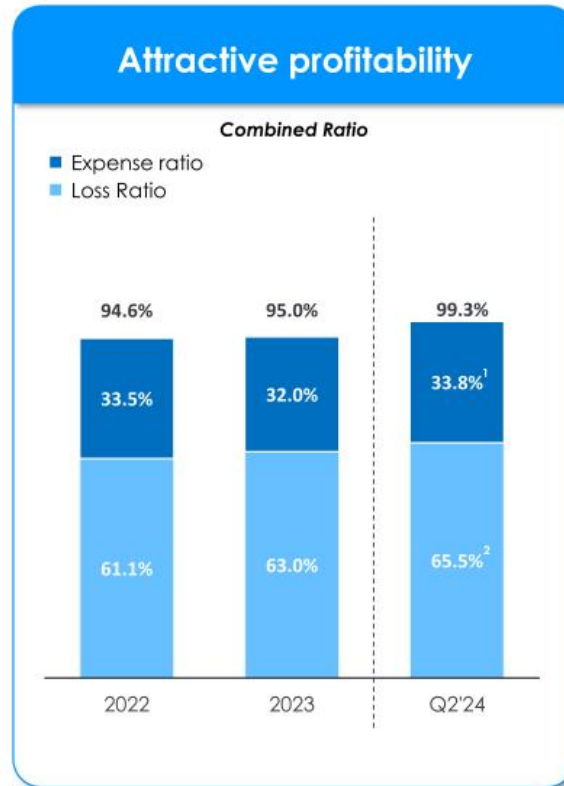
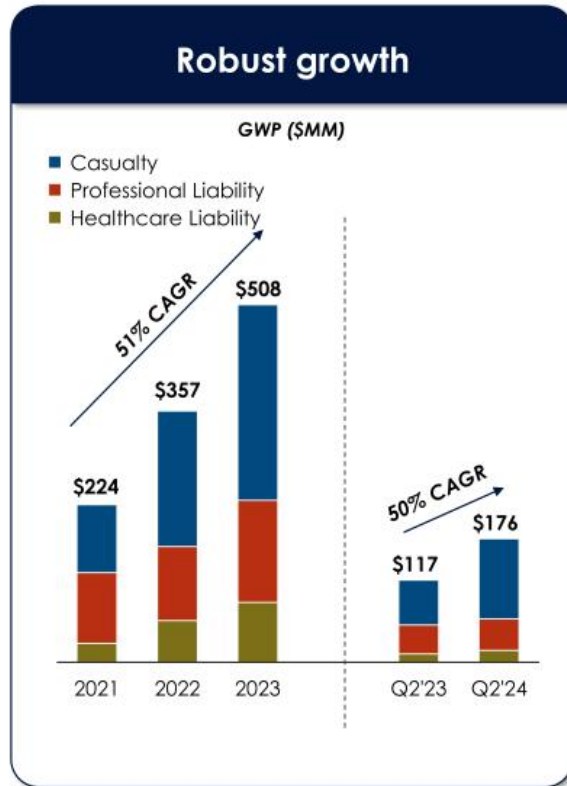
- No debt outstanding and no intangibles
- 400%+ RBC ratio as of 12/31/2023
- All reinsurers have A.M. Best rating of "A" or better as of 06/30/2024



## Conservative investment portfolio

- 100% cash, short-term investments and investment grade portfolio with no equity or alternative investment risk
- Fixed income book and market yields of 4.7% and 5.5% respectively as of 06/30/2024
- Weighted average effective duration of ~2 years and an average credit rating of "AA+" as of 06/30/2024

# Robust growth and commitment to long-term value creation



Note: <sup>1</sup> Expense ratio for the three months ended June 30, 2024 was impacted by the continued investment in our business and a \$1.3 million acceleration of remaining stock-based compensation costs associated with management's profit interest through operating expenses; <sup>2</sup> Loss ratio for the three months ended June 30, 2024 are based on loss picks informed by industry data rather than only using internal data from our limited operating history. Movement in loss ratio from last year reflects a shift in the mix of our business to a greater percentage of our book being in Casualty, where industry loss ratios have deteriorated. We did not take down any reserves, nor did we experience any loss activity in excess of our own expectations; <sup>3</sup> Non-GAAP financial measure. See "Non-GAAP Reconciliation" on slide 19 for a reconciliation of the non-GAAP financial measure in accordance with the most comparable U.S. GAAP measure; <sup>4</sup> Adjusted ROE for three months ended June 30, 2024 was impacted by the \$213.2 million increase in mezzanine and stockholders' equity and a \$3.0 million reduction in after tax net income as a result of our initial public offering.

# Well-positioned for continued growth

Bowhead's long-term growth strategy balances existing "craft" underwriting strategy with "flow" business launched in 2024

## Bowhead ("Craft")

Individual, custom underwriting of large, complicated risks

- 100% of existing book
- Go-to-market brand: Bowhead Specialty
- Lines: Casualty, Professional Liability and Healthcare Liability
- Distribution: Wholesale and retail
- Paper: Admitted and non-admitted
- Underwriting-first culture
- Expertise-driven, customized approach for each risk
- Individualized underwriting with collaborative roundtables



## Baleen ("Flow")

Streamlined underwriting of small, hard-to-place E&S risks

- New capability launched late in Q2 2024
- Go-to-market brand: Baleen
- Products: Launching our Minimum Viable Product, General Liability for contractors
- Distribution: Major wholesale partners
- Paper: Non-admitted
- Maintain 100% control of underwriting; no delegated authority
- Set clear appetite and rules criteria during product development
- Straight-through processing delivers instant quotes

### Growth levers for both "craft" and "flow" business

Grow market share through superior industry relationships

Benefit from rate increases in some lines

Expand account size and/or geographic appetite as market allows

Add new distribution relationships

Develop new products within existing lines

Enter new lines/markets by hiring subject matter experts

# Financials

# Summary historical financials

## Condensed Income Statement

(\$ in thousands, except percentages and per share data)	For the years ended		Three months ended	
	December 31, 2023	December 31, 2022	June 30, 2024	June 30, 2023
<b>Revenues:</b>				
Gross written premiums	\$ 507,688	356,948	175,539	116,742
Net written premiums	334,672	245,114	112,053	76,432
Net earned premiums	263,902	182,863	90,087	61,374
Net investment income	19,371	4,725	8,777	4,048
<b>Total revenue</b>	<b>\$ 283,398</b>	<b>187,602</b>	<b>98,898</b>	<b>65,453</b>
Net losses and loss adjustment expenses	\$ 166,282	111,761	59,018	37,409
Net acquisition costs	20,935	15,194	7,582	4,960
Operating expenses	63,456	45,986	22,855	14,616
Non-operating expenses	630	-	1,481	-
Warrant expense	-	-	332	-
Credit facility interest expenses and fees	-	-	224	-
Foreign exchange (gains) losses	(20)	-	(4)	8
<b>Total expenses</b>	<b>\$ 251,283</b>	<b>172,941</b>	<b>91,488</b>	<b>56,993</b>
<b>Net income</b>	<b>\$ 25,047</b>	<b>11,256</b>	<b>5,533</b>	<b>6,555</b>
<b>Key Operating and Financial Metrics</b>				
Underwriting Income <sup>1</sup>	\$ 14,035	9,922	2,128	4,389
Adjusted net income <sup>1</sup>	\$ 26,152	11,256	7,880	6,561
Loss ratio	63.0%	61.1%	65.5%	61.0%
Expense ratio	32.0%	33.5%	33.8%	31.9%
Combined ratio	95.0%	94.6%	99.3%	92.8%
Return on equity <sup>2</sup>	18.2%	13.1%	8.2%	22.2%
Adjusted return on equity <sup>1,2</sup>	19.0%	13.1%	11.7%	22.2%
Diluted earnings per share	\$ 1.04	0.47	0.20	0.27
Diluted adjusted earnings per share <sup>1</sup>	\$ 1.09	0.47	0.28	0.27

## Condensed Balance Sheet

(\$ in thousands)	As of		As of	
	June 30, 2024	December 31, 2023	December 31, 2023	December 31, 2022
Fixed maturity securities	\$ 706,199	554,624		236,888
Short-term investments	12,712	8,824		46,035
<b>Total investments</b>	<b>\$ 718,911</b>	<b>563,448</b>		<b>282,923</b>
Cash and cash equivalents	180,324	118,070		64,659
Restricted cash and cash equivalents	18,494	1,698		15,992
Accrued investment income	6,728	4,660		1,231
Premium balances receivable	69,495	38,817		29,487
Reinsurance recoverable	192,025	139,389		63,531
Prepaid reinsurance premiums	133,992	116,732		74,541
Deferred policy acquisition costs	24,564	19,407		13,672
Property and equipment, net	7,481	7,601		6,050
Income taxes receivable	1,320	1,107		--
Deferred tax assets, net	17,071	14,229		11,281
Other assets	24,768	2,701		1,840
<b>Total assets</b>	<b>\$ 1,395,173</b>	<b>1,027,859</b>		<b>565,207</b>
Reserves for losses and loss expenses	\$ 587,905	431,186		207,051
Unearned premiums	391,802	344,704		231,743
Reinsurance balances payable	45,767	40,440		23,687
Income taxes payable	29	42		1,517
Accrued expenses	11,287	14,900		12,028
Other liabilities	18,472	4,510		5,807
<b>Total liabilities</b>	<b>\$ 1,055,262</b>	<b>835,782</b>		<b>481,833</b>
<b>Total mezzanine and stockholders' equity</b>	<b>\$ 339,911</b>	<b>192,077</b>		<b>83,374</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,395,173</b>	<b>1,027,859</b>		<b>565,207</b>

Notes: <sup>1</sup> Non-GAAP financial measure. See "Non-GAAP Reconciliation" on slide 19 for a reconciliation of the non-GAAP financial measure in accordance with the most comparable U.S. GAAP measure; <sup>2</sup> For the three months ended June 30, 2024 and 2023, net income and adjusted net income are annualized to arrive at return on equity and adjusted return on equity.

# Appendix



# Our partnership with AmFam



- Originates, issues, and underwrites all Bowhead policies
- Provides all claims, actuarial, accounting, reinsurance procurement/processing and other insurance support services



- Provides "A" rated paper for business originated by Bowhead
- Receives ceding fee



- Assumes 100% of risk of Bowhead policies from AmFam
- Purchases reinsurance from high quality reinsurers (including AmFam)



**Long-term strategic partnership established at inception**



**Policies backed by "A" rated paper and ~\$7Bn policyholder surplus<sup>1</sup>**



**AmFam participates in underwriting results and generates fee-based earnings**

Note: <sup>1</sup> AmFam's policyholder surplus is as of December 31, 2023.

# Non-GAAP reconciliation

(\$ in thousands)	For the years ended		Three months ended	
	December 31, 2023	December 31, 2022	June 30, 2024	June 30, 2023
Income before income taxes	\$ 32,115	14,661	7,410	8,460
<b>Adjustments:</b>				
Net investment income	(19,371)	(4,725)	(8,777)	(4,048)
Net realized investment gains	-	-	(2)	-
Other insurance-related income	(125)	(14)	(32)	(31)
Non-operating expenses	630	-	1,481	-
Warrant expense	-	-	332	-
Credit facility interest expenses and fees	-	-	224	-
Foreign exchange (gains) losses	(20)	-	(4)	8
Strategic initiatives <sup>1</sup>	806	-	1,496	-
<b>Underwriting income</b>	<b>\$ 14,035</b>	<b>9,922</b>	<b>2,128</b>	<b>4,389</b>

(\$ in thousands)	For the years ended				Three months ended			
	December 31, 2023		December 31, 2022		June 30, 2024		June 30, 2023	
	Pre-Tax	After-Tax	Pre-Tax	After-Tax	Pre-Tax	After-Tax	Pre-Tax	After-Tax
Income as reported	\$ 32,115	25,047	14,661	11,256	7,410	5,533	8,460	6,555
<b>Adjustments:</b>								
Net realized investment gains	-	-	-	-	(2)	(2)	-	-
Non-operating expenses	630	630	-	-	1,481	1,481	-	-
Foreign exchange gains (losses)	(20)	(20)	-	-	(4)	(4)	8	8
Strategic initiatives <sup>1</sup>	806	806	-	-	1,496	1,496	-	-
Tax impact	-	(311)	-	-	-	(624)	-	(2)
<b>Adjusted net income</b>	<b>\$ 33,531</b>	<b>26,152</b>	<b>14,661</b>	<b>11,256</b>	<b>10,381</b>	<b>7,880</b>	<b>8,468</b>	<b>6,561</b>

(\$ in thousands, except percentages)	For the years ended		Three months ended	
	December 31, 2023	December 31, 2022	June 30, 2024	June 30, 2023
Adjusted net income <sup>2</sup>	\$ 26,152	11,256	31,519	26,245
Average mezzanine and stockholder's equity	137,726	86,050	270,551	118,144
<b>Adjusted return on equity</b>	<b>19.0%</b>	<b>13.1%</b>	<b>11.7%</b>	<b>22.2%</b>

(\$ in thousands, except per share data)	For the years ended		Three months ended	
	December 31, 2023	December 31, 2022	June 30, 2024	June 30, 2023
Adjusted net income	\$ 26,152	11,256	7,880	6,561
Diluted weighted average shares outstanding	24,000,000	24,000,000	27,771,108	24,000,000
<b>Diluted adjusted earnings per share</b>	<b>\$ 1.09</b>	<b>0.47</b>	<b>0.28</b>	<b>0.27</b>

Note: <sup>1</sup> Strategic initiatives represents costs incurred to set up our Baleen Specialty division, which is recorded in operating expenses within the Condensed Income Statement. The costs incurred primarily represent expenses to implement the new platform and processes supporting the Baleen Specialty division; <sup>2</sup> For the three months ended June 30, 2024 and 2023, adjusted net income is annualized to arrive at adjusted return on equity.