

AEGIS 2020 Year-End Results – Opening Remarks

Bill Cullen
President & Chief Executive Officer

April, 2021



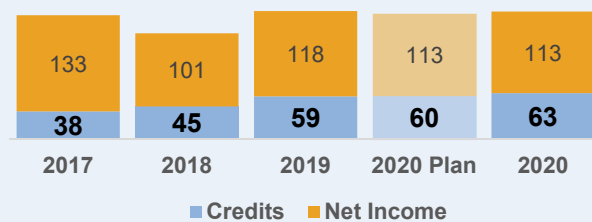
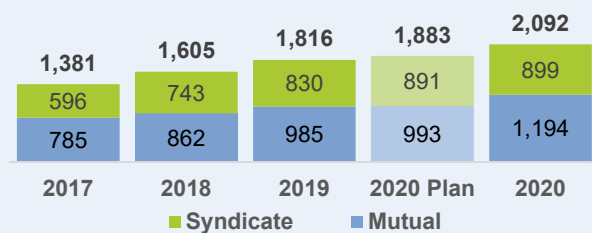
2020 Group Financial Highlights

Premium: \$2.1 billion
\$209 million or 11% above Plan
Surplus: \$1.9 billion

- New business
- Expanded limits

Net Income \$113 million – at Plan
Credits slightly above Plan +5%

- \$40M Expense savings
- (\$46M) Investment shortfall
- Syndicate Net Income above Plan



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Underwriting Update

Bill Hillman
Chief Underwriting Officer

April, 2021



2020 Mutual Underwriting Highlights

Surplus up: \$1.9 billion

- Just above Plan
- Increased by 2%

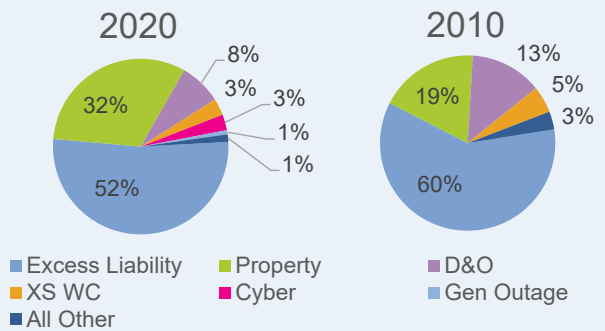
Premium: \$1.2 billion

- Mutual + 201M above Plan

Mutual Mission: Stable, increased or new limits to members

- Stable limits versus competitors
- Increased limits on core products
- New business

Improved Product Spread



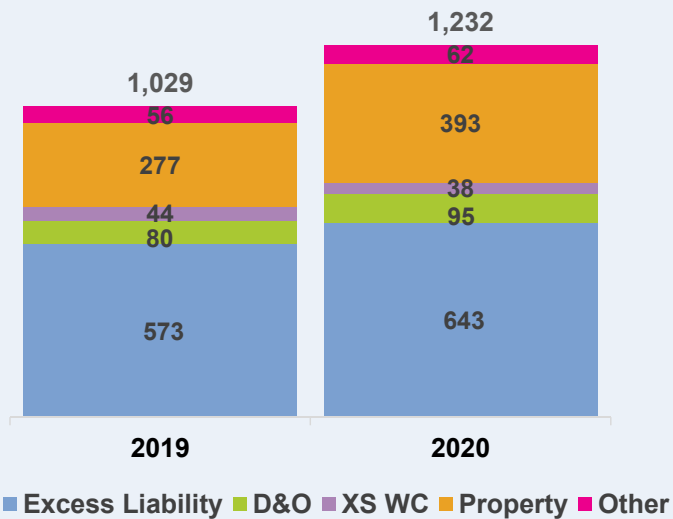
New Renewables Team

- Positive initial feedback



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2020 Mutual Gross Written Premium (Nominal \$M)



Premium ahead of 2019 by 20%

Excess Liability

- Expanded limits

Property

- Expanded limits
- New business, especially Renewables

D&O

- Driven by M&A

Excess WC

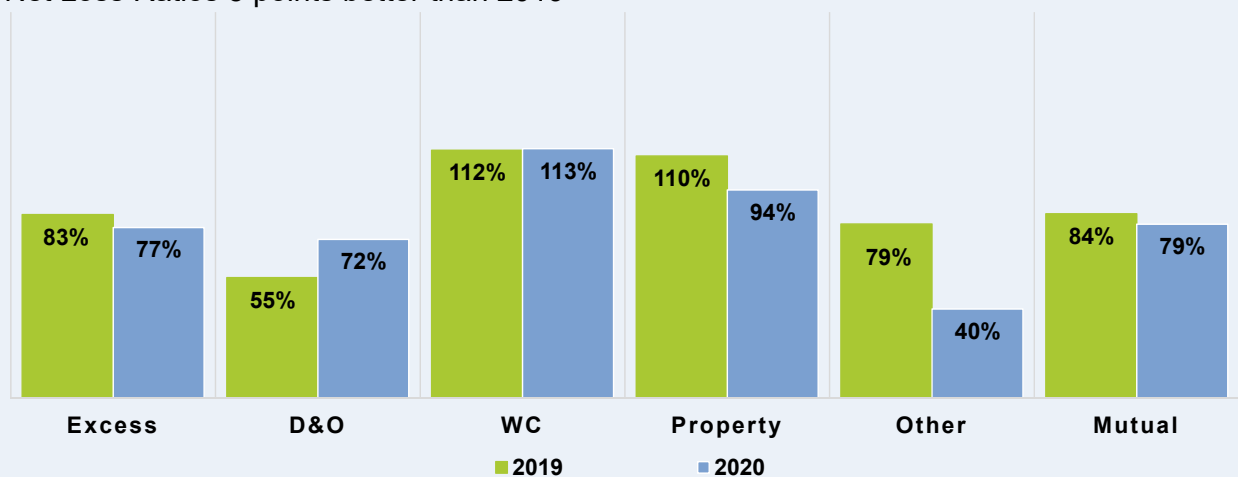
- Lost business



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2020 Mutual Loss Ratio Comparison

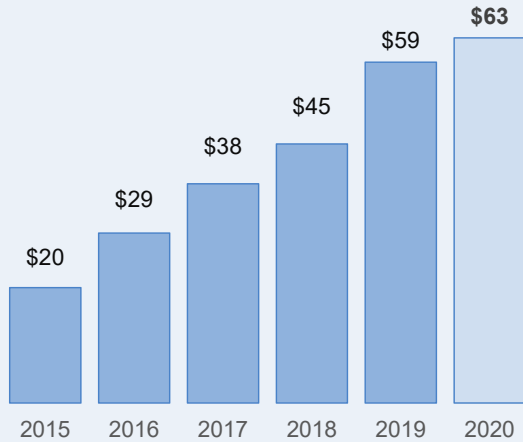
Net Loss Ratios 5 points better than 2019



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Member Share in Mutual Net Income

Financial year credits (\$M)

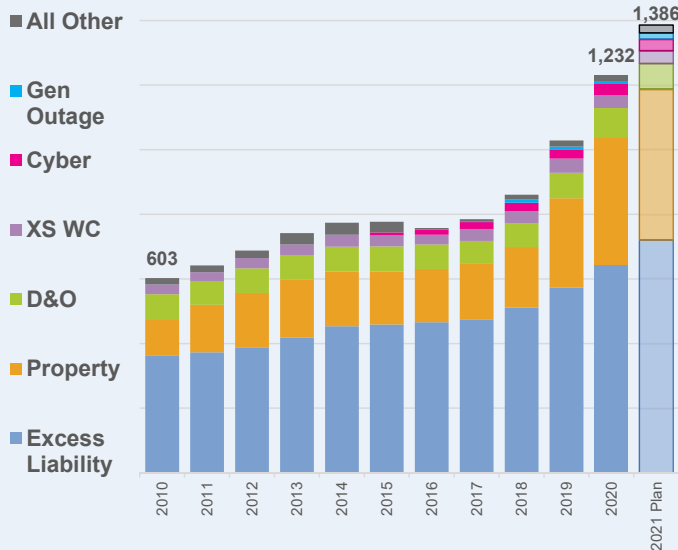


- Continued steady total credit increases
- Shifting between products
 - Excess Liability credit increased by 30%
 - D&O credit adjusted down by 20%
- Maximum Member Loyalty Credit raised from 30% to 40% of total credits



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Mutual Gross Written Premium Long Term Growth



Excess Liability

- Nearly doubled
- 1/3 from expanded limit (>\$35M)

Property

- Expanded capacity
- Renewables
- New business

Directors & Officers

- Consistent in spite of M&A

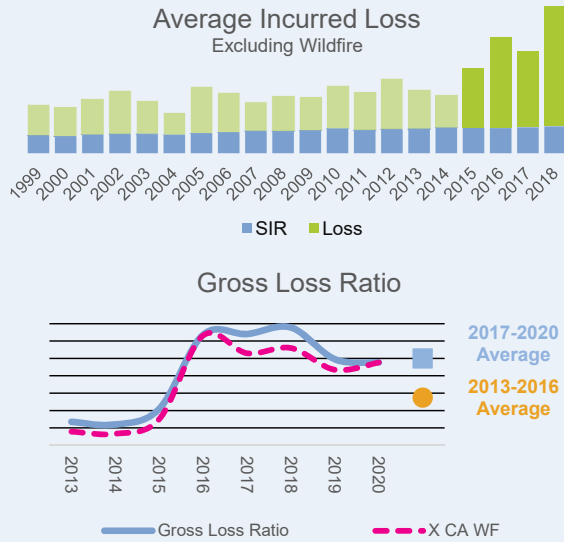
Other products: 3x growth \$20M to \$62M

- Volatile but profitable



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Excess Liability Severity

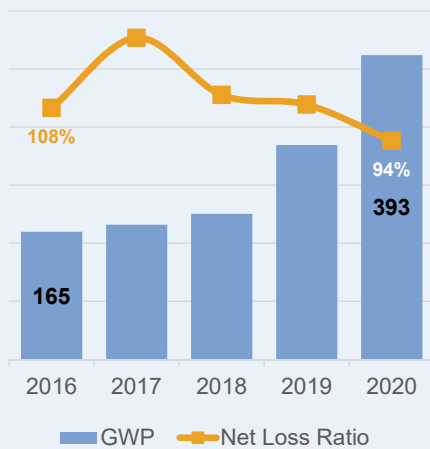


- Attachment points not changing dramatically
- Upward trend excludes wildfire losses
- Severity accelerated starting in 2015
- Severity impacting Gross Loss Ratio
- Dramatic shift in Loss Ratio



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Property: Loss Ratio Performance

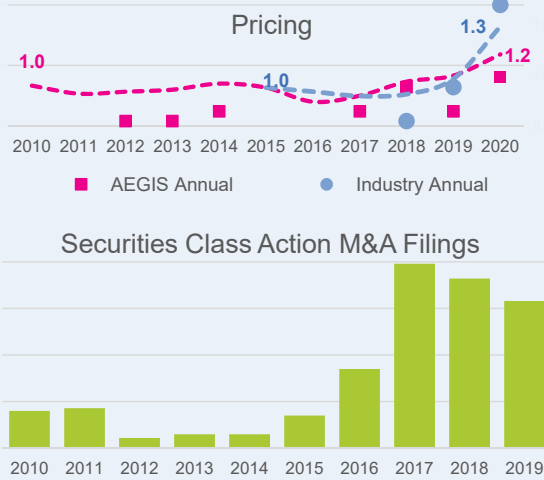


- Expanding limits deployed to support members
- Capital-intensive product due to volatility
 - Cat exposure
 - Shock loss exposure
- Returns on capital have not been sufficient
- Need for rate increases to bring return on capital to acceptable levels for volatility



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D&O: Steady Moderate Pricing Adjustments



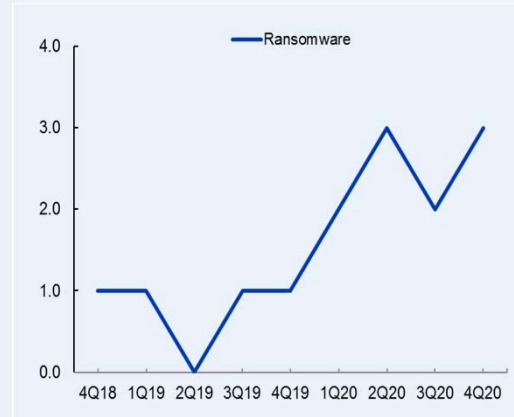
- D&O rate change has been minimal
 - +20% over 10 years
 - vs
 - +30% over 4.5 years per Industry Index
- Increased exposure, particularly M&A
- Stable, responsible pricing levels
- Continuity Credits not considered in pricing, but provide significant value to members



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Cyber: Evolving Risk

- Balance volatility with deployed limit, attachment and pricing
- Ransomware exposure up:
 - +715% YoY increase in global ransomware report (Bitdefender 2020 Mid-year Threat Landscape Report)
 - Average payment increased by 60% 1Q20 to 2Q20
- Continuity Credits meaningful component on average



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