

# INVESTOR REVIEW

SEPTEMBER 2018



GLOBAL INDEMNITY LTD  
*Insurance & Reinsurance*

# Forward Looking Statements



This presentation may include forward-looking statements, both with respect to Global Indemnity Limited (the "Company") and its industry, that reflect our current views with respect to future events and financial performance. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as "expect," "intend," "plan," "believe," "trends," and similar expressions of a future or forward-looking nature. All forward-looking statements address matters that involve risks and uncertainties, many of which are beyond the Company's control.

Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements and, therefore, you should not place undue reliance on any such statements.

In addition, any estimates relating to loss events involve the exercise of considerable judgments and reflect a combination of ground-up evaluations, information available to date from brokers and cedents, market intelligence, initial tentative loss reports, and other sources. The actuarial range of reserves and management's best estimate is based on our then-current state of knowledge including explicit and implicit assumptions relating to the pattern of claim development, the expected ultimate settlement amount, inflation and dependencies between lines of business. However, due to the complexity of factors contributing to the losses and preliminary nature of the information used to prepare these estimates, there can be no assurance that the Company's ultimate losses will remain within the stated amount.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the risk factors included in our most recent reports on Form 10-K and Form 10-Q and other documents of the Company's on file with or furnished to the U.S. Securities and Exchange Commissions ("SEC"). Any forward-looking statements made in this presentation are qualified by these cautionary statements, and there can be no assurance that the actual results or developments will be realized, or even if substantially realized, that they will have the expected consequences to, or effects on, or its business or operations. Except as required by law, the Company undertakes no obligation to update publicly or revise forward-looking statements, whether as a result of new information, future developments or otherwise.

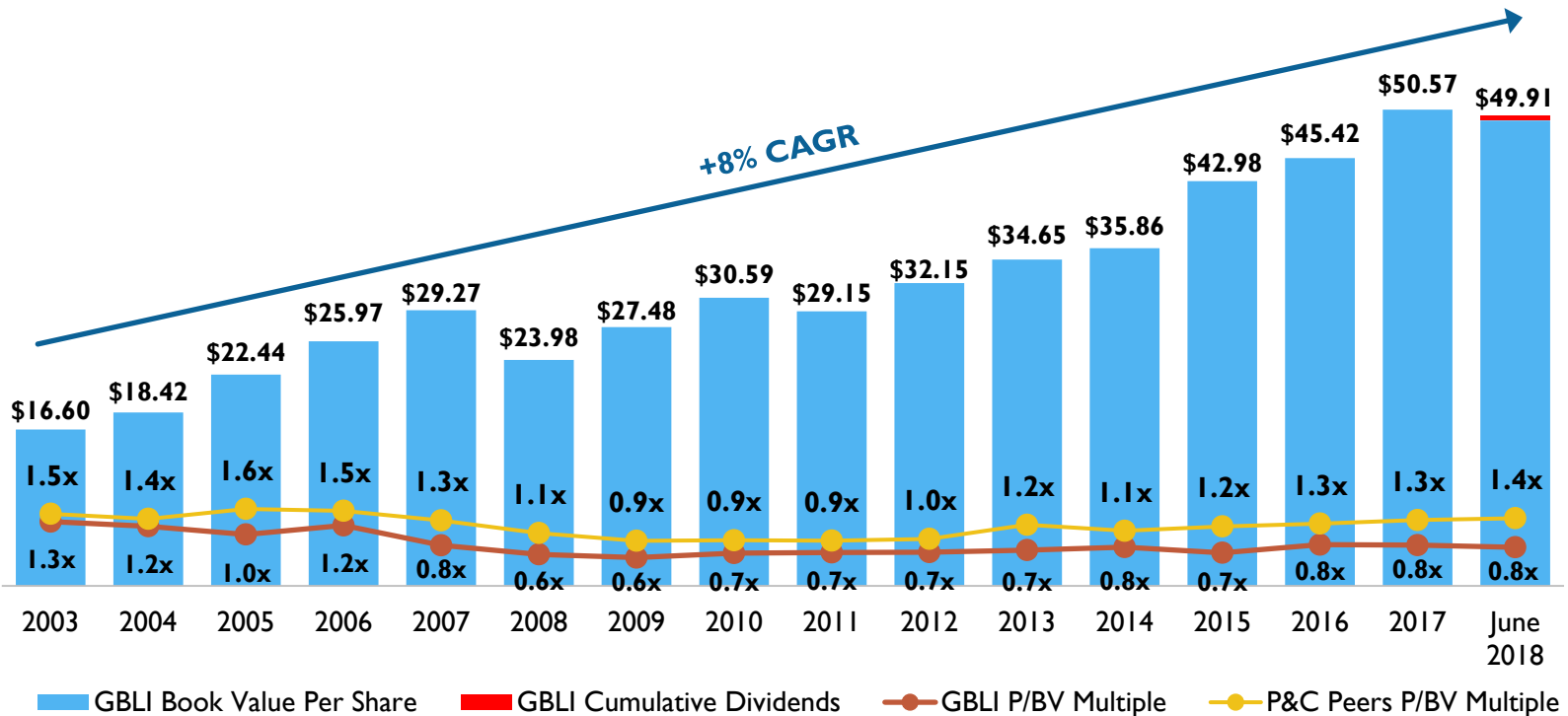


# Global Indemnity – A Unique Investment Opportunity

- \$49.41 of Book Value Per Share as of June 30, 2018
- Trading at \$35.19 per share\* (0.7x Book Value Per Share, a 51% discount to the median 1.4x Price/Book Value Multiple of U.S. Property & Casualty insurance companies)
- Global has a 15-year track record of +8% annual Book Value Per Share growth (vs. a median +8% BVPS CAGR (including dividends) for publicly traded U.S. P&C companies over the same period)

## Book Value Per Share & Price/Book Value Multiple, 2003–2Q 2018

INVESTOR REVIEW 2018



Note: BVPS from 2003–2008 shown pro forma for March 2009 rights offering and 2010 2:1 share exchange. P&C Peers P/BV Multiple is median of publicly traded U.S. p&c companies on each date.  
 \* Trading price as of 9/14/18.

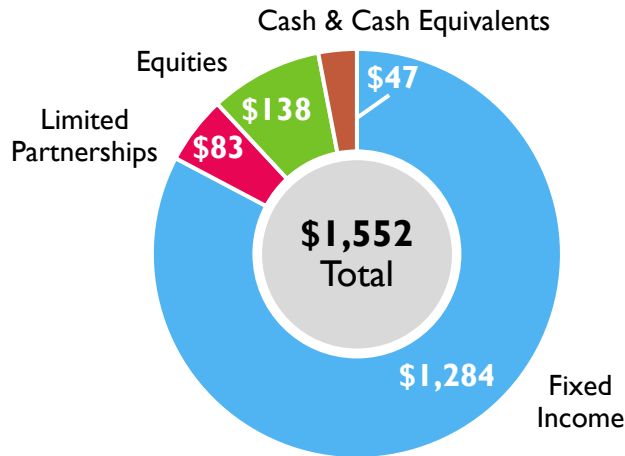


# Pristine Balance Sheet

- Conservatively invested, \$1.6 billion Investment Portfolio
  - 86% held in investment grade, 'A+' rated average credit quality, 3-year short duration U.S. Treasury, U.S. Agency, U.S. State & Municipal, and corporate debt securities, and cash
  - 9% in publicly traded Equities and 5% in Alternatives, which provides Global the opportunity to substantially augment its Investment & Operating Income in the event of higher interest rates and to take advantage of other opportunities in the financial markets as well as one-off investment opportunities
- Insurance Reserves are Conservatively Established and Maintained
  - Since organized by Fox Paine in 2003, Global has released \$252 Million from its insurance reserves, which went directly into Shareholders' Equity

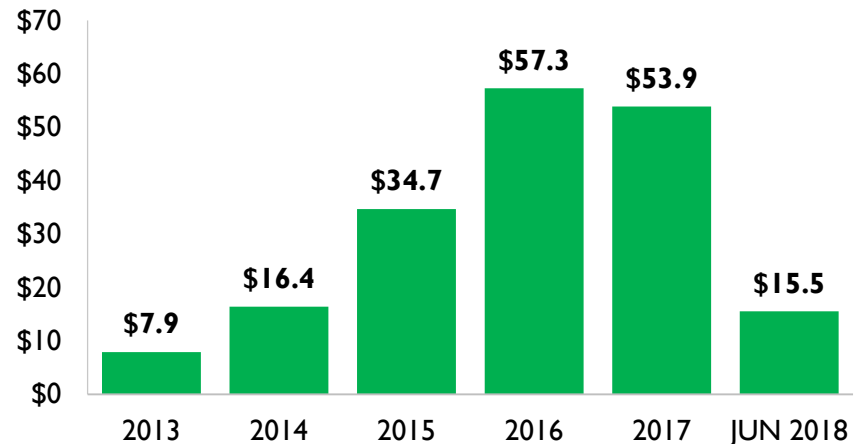
## Consolidated Investment Asset Portfolio

(\$ in millions as of June 30, 2018)



## Conservative Loss Reserves

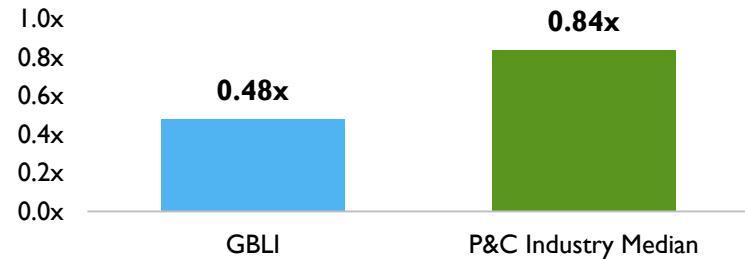
Favorable Loss Reserve Development (\$ millions)



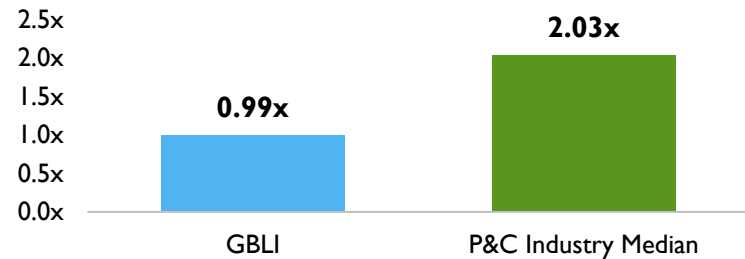
# Overcapitalized to Respond Rapidly to Opportunities

- Over-capitalized Balance Sheet positions Global to respond rapidly to opportunities on 'Main Street' (Insurance Pricing – 'Hard Market') as well as on 'Wall Street' (Investment), which provides Global with multiple avenues to substantially enhance its Return on Equity ("ROE")
- \$200 million of 'discretionary capital' (i.e., in excess of the amount necessary to maintain Global's "A" rating with A.M. Best) on-hand for M&A opportunities, share buy-backs and other purposes
- Substantial operating leverage availability by maintaining well below industry median operating leverage ratios, which provides Global the flexibility to materially ramp up Premium Revenues and Operating Income should P&C Industry market conditions warrant

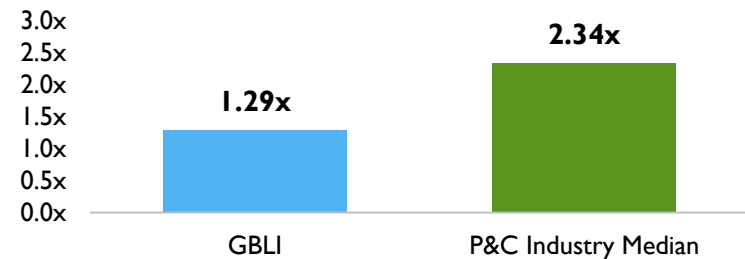
Net Premiums Written / Tangible Book Capital



NPW + Loss Reserves / Tangible Book Capital



NPW + Loss Reserves + Debt / Tangible Book Capital



# Capital Management

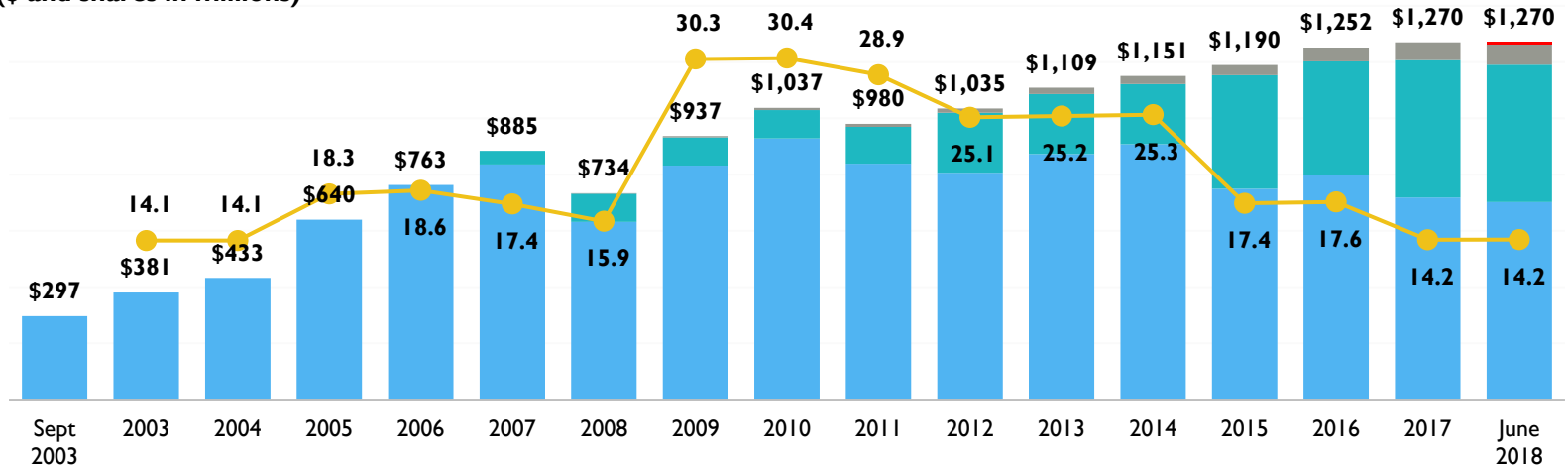
- Global's total equity capital grew from \$300 million to \$1.3 billion (including capital returned to shareholders) since Fox Paine organized Global in 2003
- Capital milestones:

2003	2007-08	2009	2011-12	2015-17
\$170 million IPO	\$100 million share repurchases at \$16.68 per share	Rights Offering for \$100 million backstopped by Fox Paine	\$113 million share repurchases at \$21.19 per share	\$273 million share redemptions for \$23.42 per share

- \$489 million in total share repurchases
- Reduced shares outstanding by 51% since January 2012
- Initiated \$1.00 per share annual dividend in March 2018

## Book Value & Capital Returned to Shareholders & Shares Outstanding, 2003-2Q 2018

(\$ and shares in millions)



Legend: Book Value (Blue), Cumulative Share Repurchases (Teal), Cumulative Return on Share Repurchase Capital (Grey), Cumulative Dividends (Red), Shares Outstanding (Yellow)

Note: Cumulative Return on Share Repurchase Capital calculated at 3% annually.



# Business Segments

## 1. Specialty Commercial

Long-established, highly profitable Commercial Insurance franchises United National and Penn America, Global's core businesses, were each organized in the mid 1950's and for over 60 years have been consistent drivers of commercial Premium Volume and Net Income

## 2. Reinsurance

Bermuda Reinsurer organized by Global in 2007 contributes handsomely to Global's profitability – though results are choppy – and provides risk diversification and market intelligence

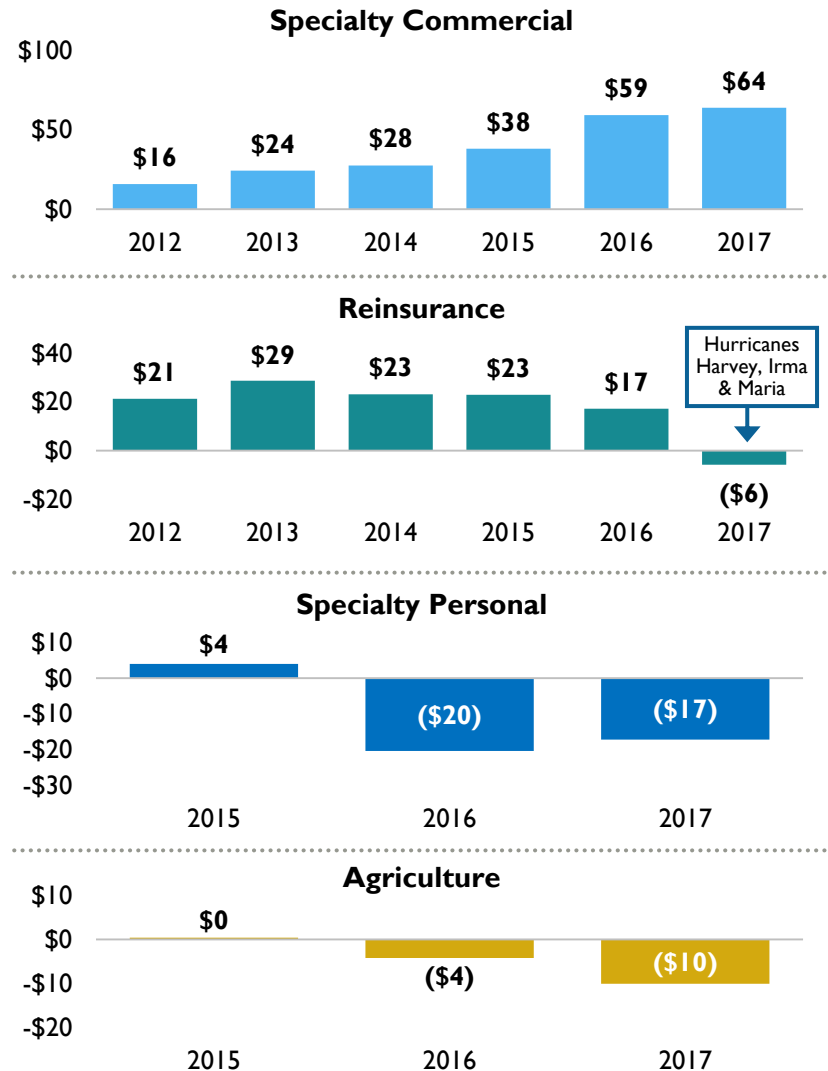
## 3. Specialty Personal

Revamping of Personal Lines business acquired in 2015 will be completed by year-end (2018). Will materially enhance profitability, eliminate drag on ROE, and provide risk diversification

## 4. Agriculture

After its acquisition in 2015, Agriculture was revamped by the end of 2017 and is performing to plan with 4% GWP growth and a 35 point lower Loss Ratio in 2018

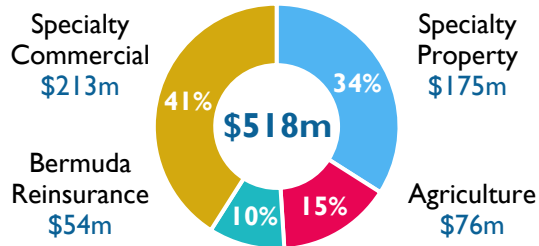
### EBIT By Business Segment (\$ in millions)



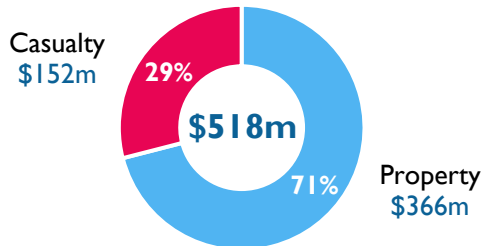
# Specialty Insurance for Small Accounts

## GBLI Consolidated 2017

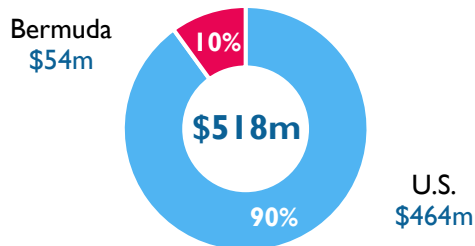
Gross Written Premium by **Business Segment**\*



Gross Written Premium by **Business Line**\*



Gross Written Premium by **Geography**\*











- Global Indemnity Ltd is a U.S. domestic insurer and a Bermuda-based international reinsurer
- \$518 million of Gross Written Premium in 2017
- Rated “A” (Excellent) by A.M. Best since 2003
- 4 business segments with long-established presences in attractive markets:
  - **U.S. Specialty Commercial:** Core Excess & Surplus lines franchise with roots to the mid-1950s which has grown substantially
  - **U.S. Specialty Personal:** Acquired in 2015. Leading provider of small-ticket specialty property products for manufactured homes, vacation & rental properties, and collectibles
  - **U.S. Agriculture:** Acquired in 2015. 14th largest underwriter of farm & agriculture in the U.S., including ranch & estate and equine mortality & medical
  - **Bermuda Reinsurance:** Property & excess casualty platform initiated by Global in 2007. Holds treaties with best-of-market international reinsurers
- 367,000 U.S. property & casualty insurance policies in force with a \$1,200 average premium
- 400 producer relationships with brokers, managing agents and program administrators





# Business Units & Product Mix

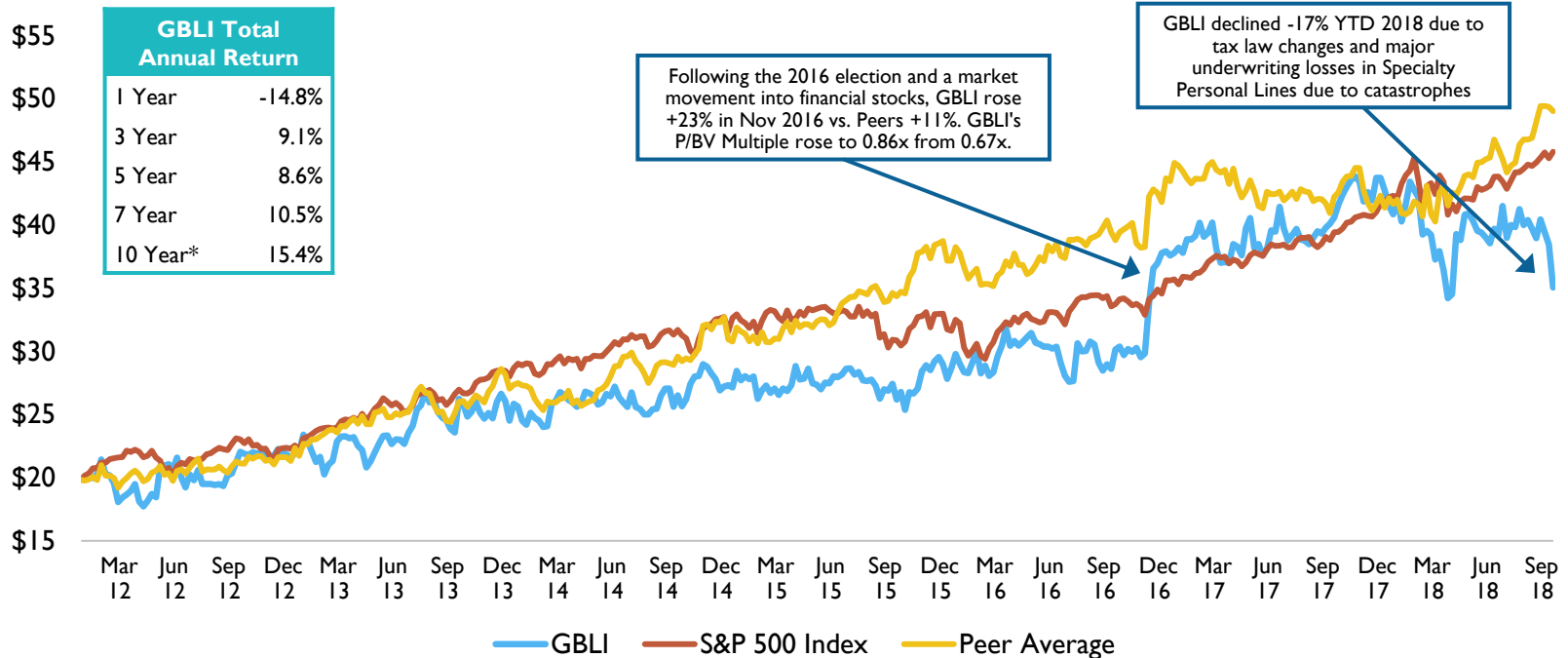
U.S. INSURANCE OPERATIONS							BERMUDA
Specialty Commercial				Specialty Personal		Agriculture	Reinsurance
PENN-AMERICA GROUP®	DIAMOND STATE GROUP®	UNITED NATIONAL GROUP®	VACANT EXPRESS.COM®	COLLECTIBLES INSURANCE SERVICES, LLC™	PROPERTY	AGRICULTURE	GLOBAL INDEMNITY REINSURANCE COMPANY LTD.
<ul style="list-style-type: none"> <li>• Small Business binding with 600 classes of business</li> <li>• Wholesale general agents with specific binding authority</li> <li>• Property, general liability, excess/ umbrella and package products</li> </ul>	<ul style="list-style-type: none"> <li>• Property</li> <li>• Large/layered property accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Program administrators with tailored underwriting authority</li> <li>• Property, general liability and package products</li> </ul>	<ul style="list-style-type: none"> <li>• General agent distributions through retail and wholesale channels</li> <li>• Vacant properties, renovations and builders risk utilizing web-based technology</li> </ul>	<ul style="list-style-type: none"> <li>• Direct distribution to customers via internet, collector shows and affinity groups</li> <li>• Insures collectibles such as stamps, firearms, comics and sports memorabilia</li> </ul>	<ul style="list-style-type: none"> <li>• Manufactured homes</li> <li>• Vacation and rental properties</li> <li>• Boats</li> </ul>	<ul style="list-style-type: none"> <li>• Farm &amp; ranch property and casualty</li> <li>• Equine mortality</li> </ul>	<ul style="list-style-type: none"> <li>• Bermuda-based reinsurer of catastrophe, specialty property, marine and professional lines</li> </ul>
							
\$213m GWP				\$175m GWP		\$76m GWP	\$54m GWP
<b>\$518 MILLION TOTAL 2017 GROSS WRITTEN PREMIUM (GWP)</b>							



# GBLI Stock Performance

- GBLI's publicly traded shares performed in line with its peers through 2017 and increased +9% annually over the past 5 years
- GBLI is down -17% YTD 2018 while its peers rose +17%, a 34% negative variance that may be a result of losses associated with the Specialty Personal and Agricultural Lines acquired in 2015
- Throughout 2017, these businesses were being restructured per plan
- Global anticipates that going forward, Specialty Personal Lines & Agriculture will be significant contributors both to premium growth and to net income

## Stock Price Performance: GBLI vs. Peer Group vs. S&P 500 Index (Since Jan. 2012)



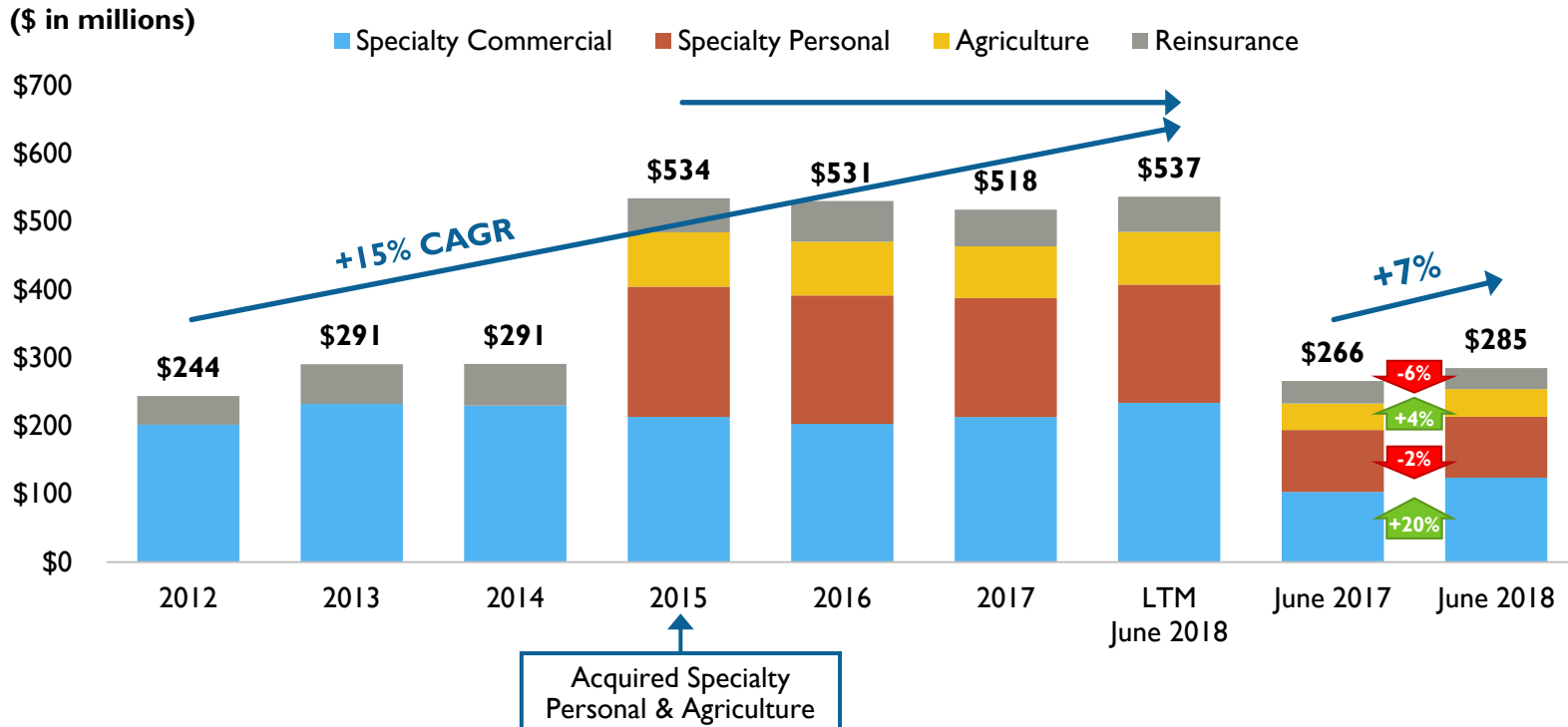
\*From rights offering March 2009.

Note: Market Data as of September 14, 2018. Peer Analysis includes ARGO, HALL, JRVR, MKL, NAVG, RLI, WRB.

# Acquisitions & Premium Growth

- Global acquires slow-growth insurance businesses and books of business, pares back unattractive business segments, and works to improve underwriting, enhance profitability, and accelerate growth
- Improving profitability, however, is prioritized over premium growth
- While Gross Written Premiums grew at a 15% CAGR since 2012, Premiums have been flat since 2015 as Global focused on enhancing profitability rather than growing premiums during a soft and underpriced market (2015–2017)

## Gross Written Premium

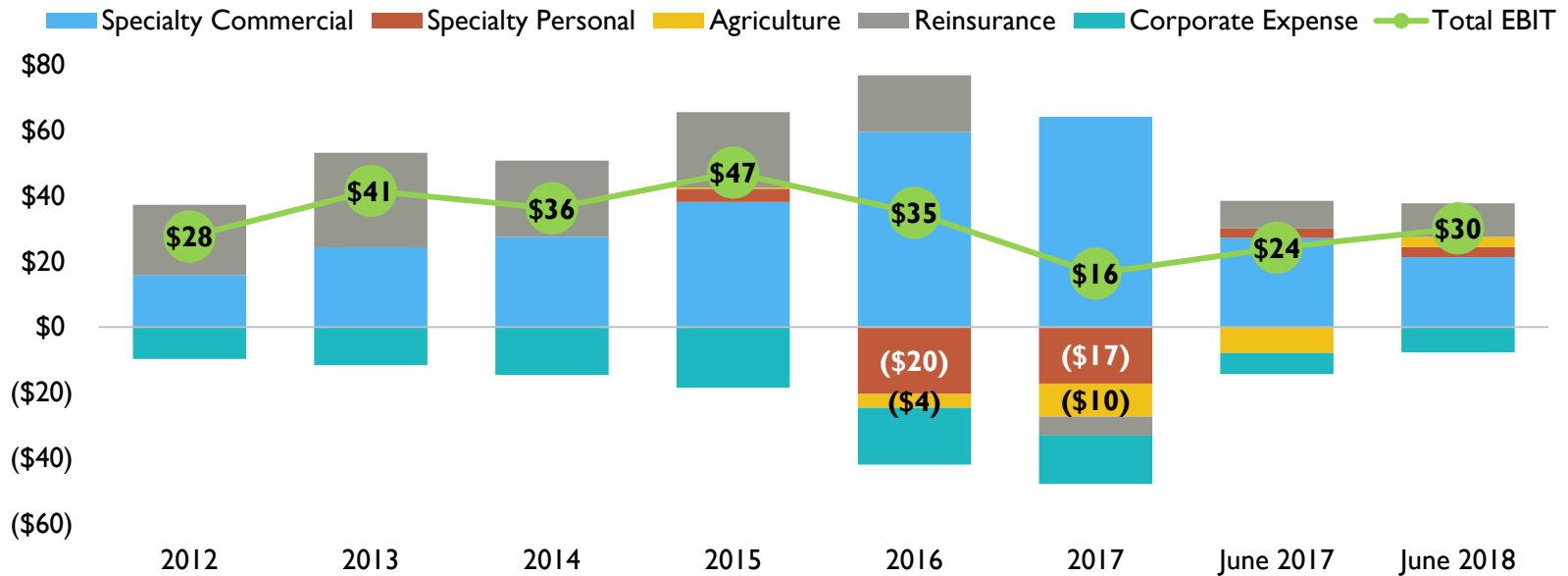


# EBIT By Business Segment

- Flat premiums and declines in EBIT in 2016 & 2017 are primarily attributable to losses incurred in Global's newly acquired Specialty Personal Lines & Agriculture businesses, including the costs associated with restructuring and revamping these businesses
- By year end 2018, the Specialty Personal Lines & Agriculture businesses revamping will be substantially complete
  - Agriculture, Farm, & Ranch is already performing per plan:
    - 35pt lower Loss Ratio year-over-year, Gross Written Premiums +4%, and premium retention rates up

## EBIT By Business Segment

(\$ in millions)



Acquired Specialty Personal & Agriculture

Hurricanes Harvey, Irma & Maria

Note: EBIT is before deduction of m&a and transaction fees and expenses.



# Specialty Commercial

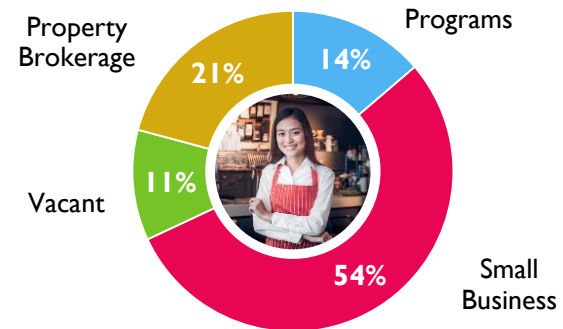


## Includes Small Business, Large Property, Programs & Vacant

- Specialty Commercial is Global's historical business, with roots to the mid-1950s
- The book of business has been curated over several economic and insurance pricing cycles
- Consistent, growing contributor to earnings



## 2017 Gross Written Premium by Business Class – \$213 Million Total



### • Small Business

- New product offerings in past two years positioned for growth; 12.1% increase 2018
- Competitive advantages include superior technology facilitating ease of doing business

### • Property Brokerage

- Average price increase +3.1% 2018
- Gross Written Premium growth +27% 2018
- New layered and vacant product are competitive advantages

### • Programs

- Distributes customized products featuring Commercial Property, GL & PL through Program Administrators
- New real estate and contractor programs introduced 2017 growing 20% in 2018

### • Vacant Property

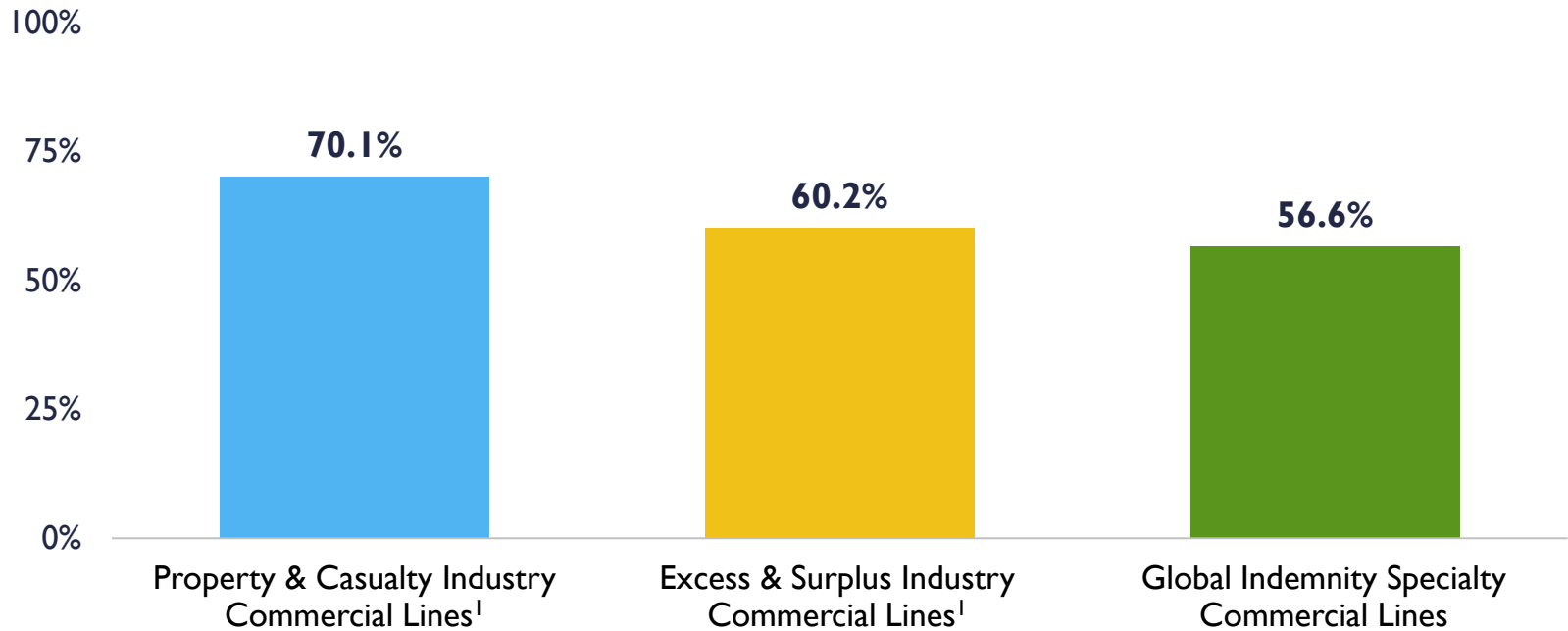
- Niche product, high contributor to net income
- Competitive advantage includes ease of issuing via web-based technology with over 6,000 distributors and aggregators



# Specialty Commercial – Historical Loss Ratio

- Global's Specialty Commercial Lines Loss Ratio averaged 56.6% for the past 10 years (2008–2017)
- Global's average Loss Ratio over this 10-year period is 3.6 points lower than the E&S Industry's Commercial Lines Loss Ratio and 13.5 points lower than the overall Property & Casualty Industry's Commercial Lines Loss Ratio

## Specialty Commercial Lines – 10-Year Average Loss Ratio vs. Industry



[1] Source: A.M. Best Quantitative Analysis Report

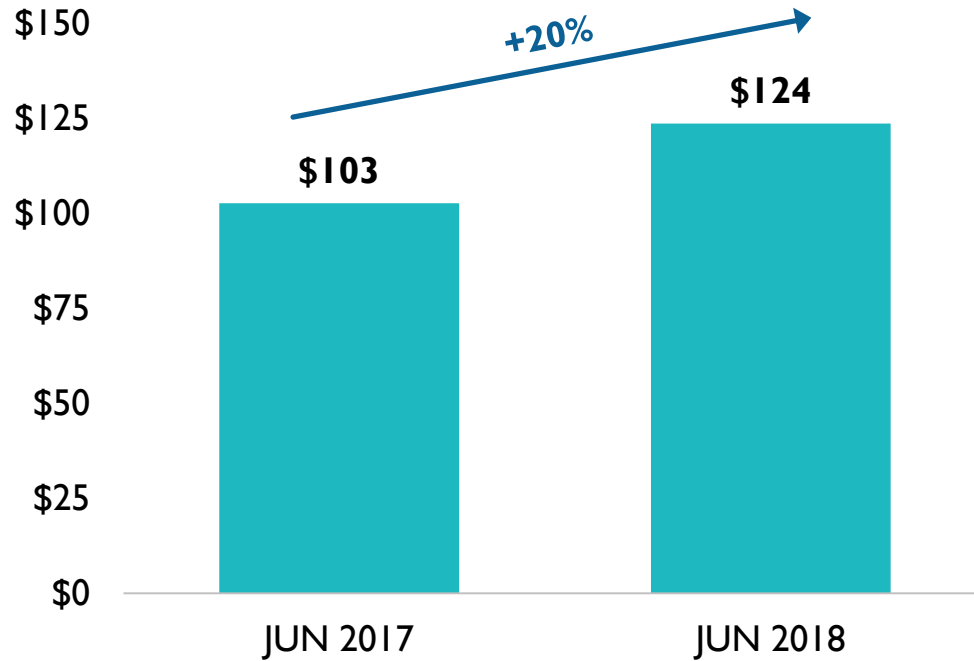


# Specialty Commercial – Strong Growth

- Specialty Commercial grew Gross Written Premium +20% year-over-year during the first six months of 2018

## Gross Written Premium

(\$ in millions)

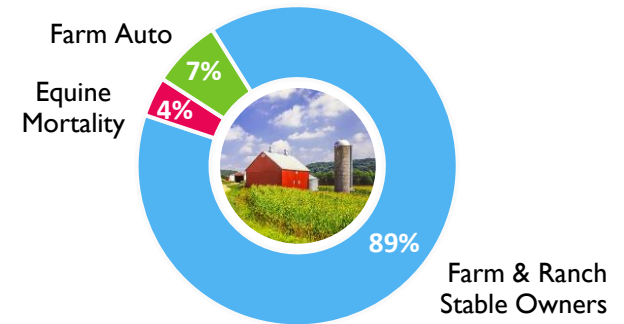


# Agriculture

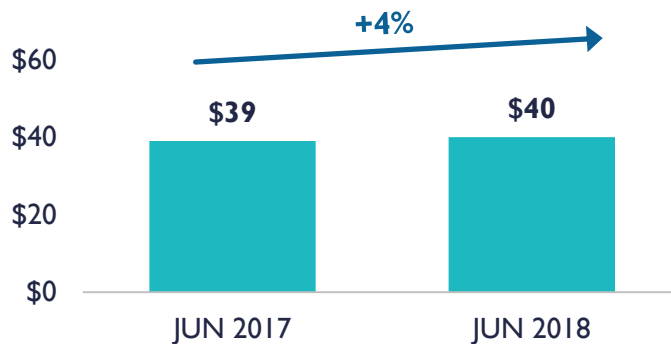
## Farm/Ranch & Equine Mortality

- GBLI is the 14th largest writer of farm and agriculture in the United States
- Significant investment in a new product update (rates and coverages) and policy administration system; catastrophe management implemented with strategic use of reinsurance
- Successfully introduced new equine mortality and medical product in 2017 with over \$6M premium to date
- New, experienced management in place driving profitable growth
- Changes to Agriculture were substantially in place at the end of 2017
- **\$11 million positive swing in profitability for the first six months of 2018**

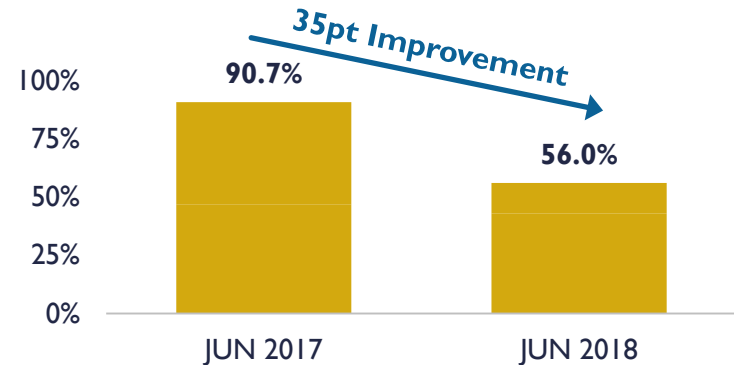
## 2017 Gross Written Premium by Business Class – \$76 Million Total



## Gross Written Premium – \$ Millions



## Loss Ratio & LAE



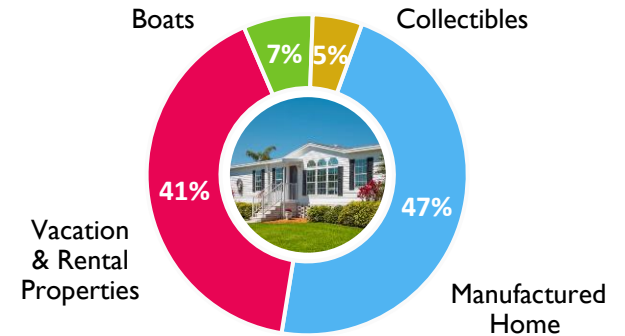


# Specialty Personal

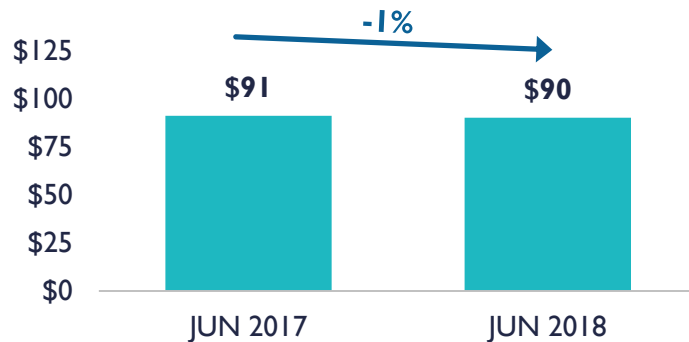
## Specialty Property

- Brand and systems competitive advantage
- Integrated systems, consolidated operations, claims and IT under new leadership since purchase to address excess overhead as well as primitive underwriting
- Re-focused growth to manufactured homes; away from catastrophe prone and highly concentrated areas in 2016
- Increased rates in 26 states since acquisition – ongoing
- Strategic purchase of customized reinsurance; Catastrophe Quota Share and Location Quota Share since 2016
- Collectibles, although small, produces excellent profit
- Expect all restructuring steps will be in place by the end of 2018
- Prioritize profit before growth

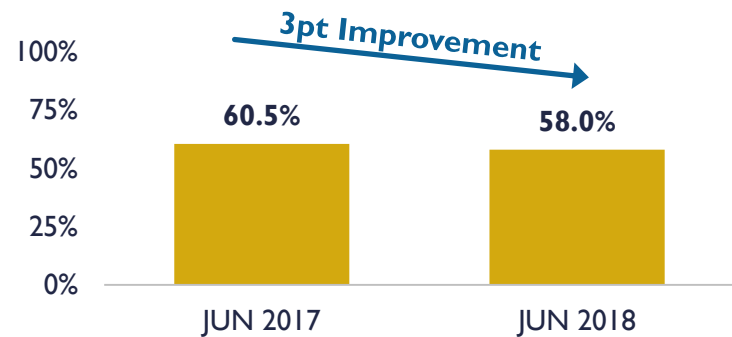
## 2017 Gross Written Premium by Business Class – \$175 Million Total



## Gross Written Premium – \$ Millions



## Loss Ratio & LAE

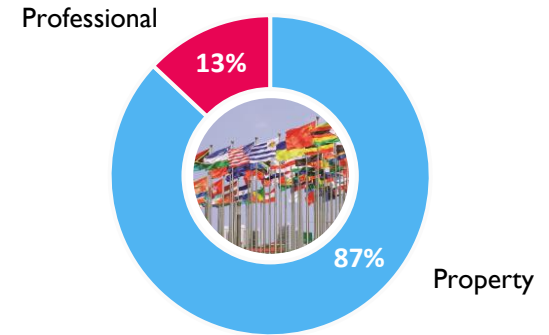


# Reinsurance Operations

## Property and Professional Liability

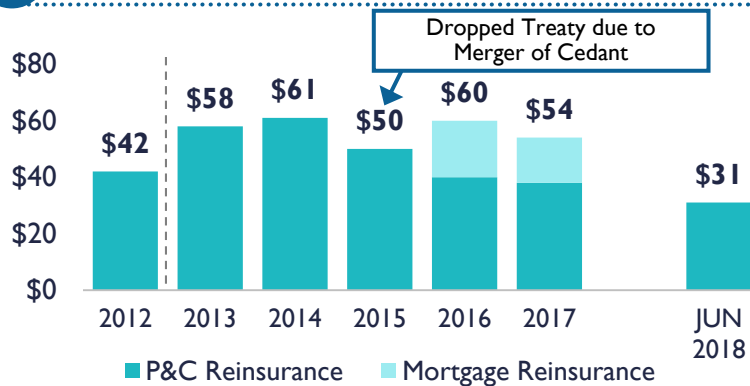
- Two main areas of focus:
  - Retrocession with Bermudian Reinsurers in property focus area
  - Insurance/reinsurance very high excess of loss coverage for professional liability focused on Accountants, Lawyers and Consultants
- Two excellent partners with profitable catastrophe books
- Elimination of 2 cedants in 2015-16 which changed premium and income
- Overseen by the Solvency II equivalent regime enforced by the Bermuda Monetary Authority (BMA) as a Class 3B reinsurer
- Manage for profit, not for growth

### 2017 Gross Written Premium by Business Class – \$39 Million Total\*

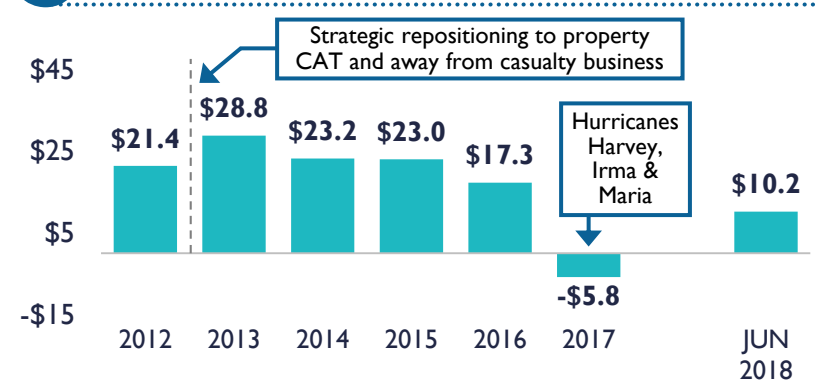


\* Excluding Mortgage Reinsurance

### Gross Written Premium – \$ Millions



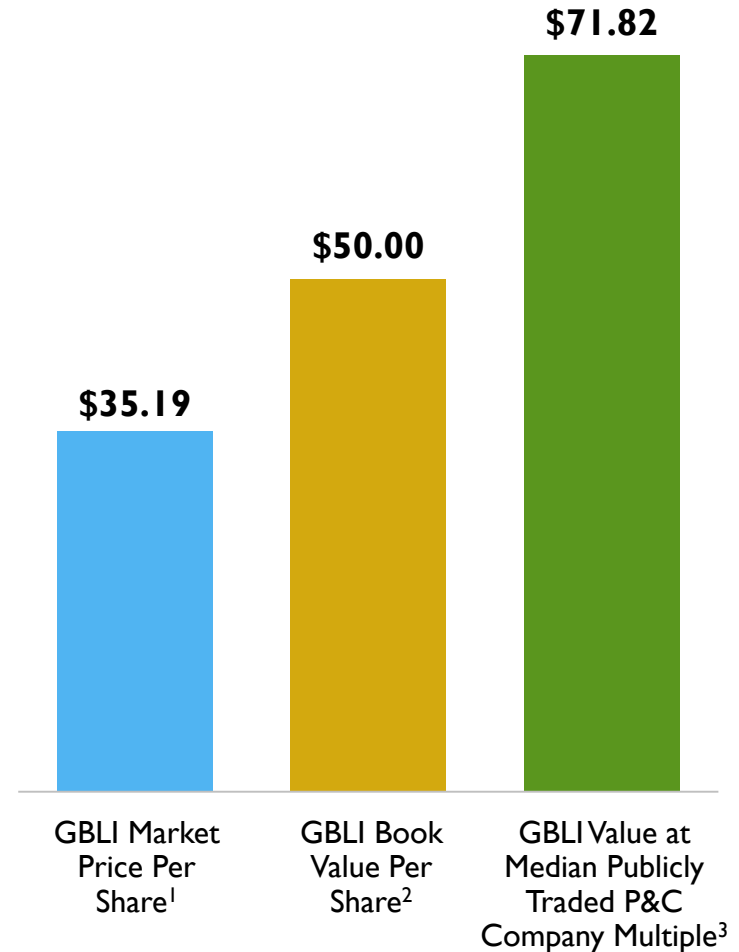
### EBIT Contribution – \$ Millions





# Global Indemnity – A Unique Investment Opportunity

- Global Indemnity trades at 0.7x Book Value, a 51% discount to publicly traded U.S. Property & Casualty companies
- 15-year, 8% annual Book Value Per Share growth track record
- Pristine, over-capitalized Balance Sheet positions Global to respond rapidly to opportunities
- \$500 million of historic share repurchases and 51% reduction in shares outstanding since 2012
- Long-established, highly profitable Specialty Commercial Lines business
- Reinsurance business contributing significantly
- Revamping of Agricultural and Specialty Personal Lines businesses will materially enhance profitability and eliminate drag on ROE



[1] Closing price on 9/14/18.

[2] Estimated as of 12/31/18.

[3] Median Publicly Traded P&C Company Multiple is median of 49 publicly traded U.S. property & casualty companies on 9/14/18.

