



# AMERISAFE 2021

## SASB INDICES

# REPORT INDEX

## Sustainability Accounting Standards Board (SASB) Information



SASB standards enable businesses around the world to identify, manage and communicate sustainability information to their investors. AMERISAFE is providing the following table, which addresses topics from the SASB Insurance Industry Standards. Because AMERISAFE is a monoline provider of workers' compensation insurance, this disclosure does not address any metrics requesting information regarding other types of insurance products.

### TRANSPARENT INFORMATION & FAIR ADVICE FOR CUSTOMERS

#### FN-IN- 270a.1

***Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers.***

AMERISAFE is currently not involved in any legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers.

#### FN-IN- 270a.2

***Complaints-to-claims ratio.***

In 2020, our complaints-to-claims ratio was 1 to 2,379. We have an extremely low number of complaints and corresponding complaints-to-claims ratio due to our high touch model and focus on customer experience. Our Legal and Regulatory Departments work closely with regulatory agencies and the corresponding customer to resolve complaints promptly.

One reason for our low number of complaints is because we prioritize high quality customer service. Compared to other carriers, AMERISAFE has more interaction with its policyholders through personal contact with employers and claimants. We provide immediate service to claimants, contacting injured workers within 48 hours of the assigned indemnity claim and help the injured worker and/or family understand the claims process, available benefits, and treatment options. We also work to maintain relationships with policyholders through workplace safety visits during each policy cycle.

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### FN-IN- 270a.2

#### ***Complaints-to-claims ratio.***

As of December 31, 2020, we averaged 47 indemnity claims per field case manager, which we believe is significantly less than the industry average. Our low number of claims caseloads allow us to dedicate more time to injured workers

### FN-IN- 270a.3

#### ***Customer retention rate.***

Our policy renewal rate on voluntary business that we elected to quote for renewal was 94.4% in 2020, 94.1% in 2019, and 92.5% in 2018. These renewal rates are disclosed in our public filings with the SEC and on the [Policyholders page](#) of our website. This is calculated as the number of policyholders who chose to renew with us after we offered them a renewal quote. This methodology is not currently reported by geography.

### FN-IN- 270a.4

#### ***Description of approach to informing customers about products.***

AMERISAFE is a monoline insurer providing only workers' compensation coverage, which is highly regulated such that terms of coverage are prescribed by state regulators. Accordingly, the "suitability" of our products is not applicable.

Our insurance product is sold and marketed through partner independent agents and wholesale brokers. As such, AMERISAFE has limited direct communication with the prospective policyholder customers prior to issuing a policy. The agencies and brokers we work with directly inform customers about the policy coverage available. Therefore we work closely with those agencies and brokers to ensure they are able to transparently provide appropriate education and information on workers' compensation, our safety services approach, our premium audit process and our claims process. These agencies and brokers spend extensive time communicating with customers and gathering information about customers' needs.

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### FN-IN- 270a.4

#### *Description of approach to informing customers about products.*

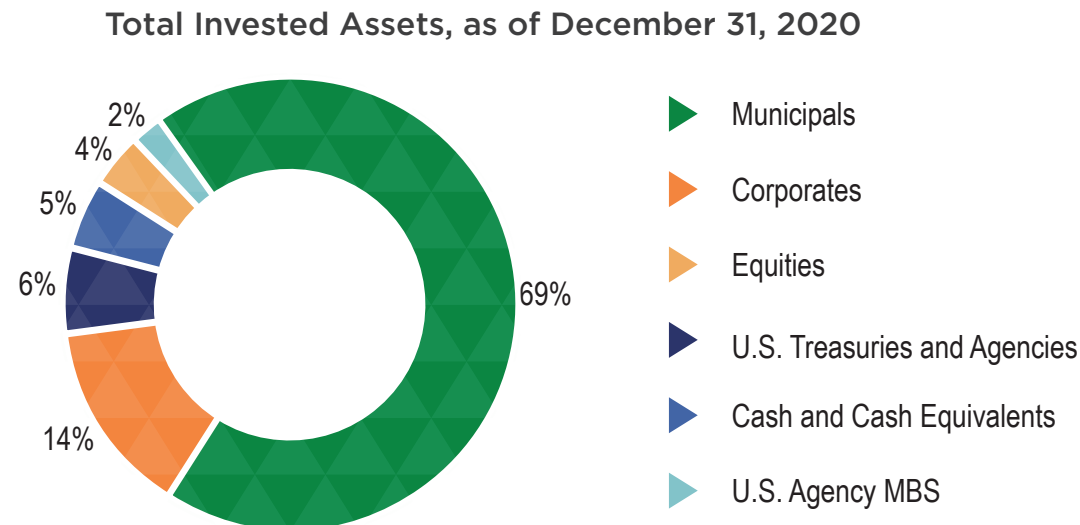
Once we receive a customer's information, and if the customer meets our underwriting criteria, our underwriters provide a quote and payment plan options. If we need additional information after the policy decision has been made, we communicate with the agents and brokers to obtain additional information from policyholders. All policies are audited after they are issued. We directly contact any non-paying policyholders to avoid issuing notices of cancellation. We also have training manuals for our employees and agents that discuss our processes around transparency and frequency of communication.

## INCORPORATION OF ESG FACTORS IN INVESTMENT MANAGEMENT

### FIN-IN- 410a.1

#### *Total invested assets, by industry and asset class.*

AMERISAFE's total invested assets, as of December 31, 2020, was \$1.2 billion USD, and our investment portfolio allocation is as follows:



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### FN-IN- 410a.2

***Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies.***

We are heavily regulated, and our investment policy statement must comply with applicable laws in each state in which we operate. As such, the majority of our investments typically are held until maturity. In addition, our approach is to be more conservative than state law requires. For instance, our investment policy states we do not invest in derivatives, even though some state laws allow it.

Our in-house management investment committee consists of our Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Administrative Officer/Compliance Officer, and Chief Underwriting Officer. Our Board is actively aware of the value in integrating ESG into our investment policy and has directed our management level Investment Committee to evaluate and develop such considerations into its existing investment policy. In particular, we are currently evaluating whether to avoid investments in corporate bonds where a large percentage of the issuer's revenue comes from environmentally sensitive industries. We also are actively discussing potential social-oriented metrics that could be used in our screening process for municipal bonds.

## POLICIES DESIGNED TO INCENTIVIZE

### FN-IN- 410b.1

***Net premiums written related to energy efficiency and low carbon technology.***

This metric is not directly applicable to AMERISAFE, as we are a monoline workers' compensation insurance provider.



### RESPONSIBLE BEHAVIOR

#### FN-IN- 410b.2

*Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors.*

AMERISAFE offers Evolved Safety, a service that provides 24/7 safety training to policyholders and their employers. These training offerings are available on a standard non-fee basis with additional trainings available for an additional fee. In addition, during 2020, 92.5% of new voluntary business policyholders were visited prior to offering a premium quote, which includes an assessment of the employers' safety practices. Our safety team also conducts periodic workplace visits, assists in recommending enhanced safety management programs, and conducts post-accident reviews. We believe this approach to safety helps our employers prevent many serious employee injuries.

Additional state-mandated or permitted incentives exist on a state-by-state basis to reduce premiums for employers with robust safety management programs. AMERISAFE actively writes business in 24 states that mandate or permit safety incentives for workers' compensation insurance. As part of our ongoing commitment to innovation that serves the health and safety of our policyholders and their employees, we continuously seek to improve our service model to improve outcomes for injured workers.



### ENVIRONMENTAL RISK EXPOSURE

#### FN-IN- 450a.1

#### *Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes.*

As a monoline workers' compensation insurance company, we do not have the same exposure to weather-related catastrophe losses as property insurers; accordingly, such catastrophe events are not a significant input for our modeling purposes. For example, we do not consider hurricanes to present significant risk to our business because insured employees in the lines of business we underwrite typically are not working during a hurricane or other extreme weather-related events.

While we typically insure smaller, more mobile work forces that work at different locations and are less likely to be aggregated in one location, we are exploring whether to take additional geographic metrics into consideration when assessing climate-related risks. For example, when we model PMLs for concentration of payroll in cities where we have policyholders, we may consider the city's earthquake exposure (in addition to other exposures such as terrorism or industrial accidents). As earthquakes are natural disasters that can have significant impacts on our policyholders, we are mindful of policies that are in fault zones.

Potential weather-related events and other natural catastrophes that may impact our reinsurance program are modeled. AMERISAFE purchases two programs for reinsurance: 1) a working layer, providing coverage for individual claims pertaining to catastrophic claims (e.g., permanently disabled), and 2) catastrophe insurance for mass casualty events.

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### FN-IN- 450a.2

***Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non- modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance).***

We complete catastrophe modeling annually to identify the PML associated with natural catastrophe events. Our policyholders have not had any losses directly associated with a natural catastrophe event; therefore we have \$0 in losses attributable to insurance payouts from natural catastrophe events.

### FN-IN- 450a.3

***Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm- level risks and capital adequacy.***

AMERISAFE considers the climate-related considerations relevant to our policyholders' location during its underwriting process and analyzes the potential impact to capital as a result of possible natural catastrophe events.

For the reasons discussed elsewhere herein, we do not believe environmental risks present a material company-level risk to our business at this time. As noted above, we are in the early stages of considering potential environmental risk exposures of certain industries for which we provide workers' compensation coverage.

## SYSTEMIC RISK MANAGEMENT

### FN-IN- 550a.1

***Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives.***

We do not invest in derivatives. As such, we have no exposure to any derivative instruments of any category.



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### FN-IN- 550a.2

*Total fair value of securities lending collateral assets.*

None.

### FN-IN- 550a.3

*Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities.*

Our investment policy is conservative in accordance with applicable insurance laws in the states in which we write business. As such, our capital is primarily invested in long-term municipal and corporate bonds. AMERISAFE substantially exceeds minimum Risk Based Capital requirements established by state insurance regulators. We do not participate in any systemic non-insurance activities.

## ACTIVITY METRIC

### FN-IN- 000.A

*Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance.*

As of December 31, 2020, AMERISAFE had more than 8,000 voluntary business policyholders with an average annual workers' compensation policy written premium of \$33,000.

As of December 31, 2020, the ten largest voluntary business policyholders accounted for 2.0% of in-force premiums. Workers' compensation insurance is not property insurance. Our insurance provides for wage replacement and medical care benefits to the employees of our policyholders. As a monoline insurer, workers' compensation is our only line of business. We do not write life insurance or reinsurance.