



## Palomar Holdings, Inc. Announces the Successful Completion of Reinsurance Programs

May 19, 2020

LA JOLLA, Calif., May 19, 2020 (GLOBE NEWSWIRE) -- Specialty property insurer Palomar Holdings, Inc. (NASDAQ: PLMR) ('Palomar' or the 'Company') today announced the successful completion of certain reinsurance programs incepting at June 1, 2020.

The Company procured approximately \$200 million of incremental limit for California earthquakes, approximately \$300 million of incremental limit for all earthquake zones, and approximately \$80 million of incremental windstorm limit. Reinsurance coverage now exhausts at \$1.4 billion for earthquake events and \$600 million for hurricane events, providing adequate headroom to support the Company's growth initiatives as well as coverage in excess of Palomar's 1:250 year zone peak zone Probable Maximum Loss ("PML").

The Company increased its catastrophe event retention from \$5 million to \$10 million for all perils. Additionally, the Company opted to retain \$3 million as a vertical co-participation in selected layers of the program that the Company believes to present a compelling risk adjusted return.

"We are very pleased to successfully complete our 6/1 placement," commented Mac Armstrong, Palomar's Chief Executive Officer and Founder. "We were able to procure an incremental \$200 million of limit to buttress our growth with the requisite reinsurance capital, adjust our retention modestly to reflect our growing and strong balance sheet while keeping our retention inside of one quarter of earnings and less than 5% of surplus, and maintain our strategy of minimizing attritional loss and generating fee income from our Specialty Homeowners business."

Mr. Armstrong continued, "This placement marks the first true hard market Palomar has faced since its formation, and we are pleased to have come through with the requisite capacity to sustain our growth and margin profile. While the costs are higher, they are digestible. The rising cost of reinsurance associated with this placement should create several opportunities within our commercial lines portfolio."

Other highlights of the 6/1 placement include:

- The addition of 18 new reinsurers to bring Palomar's reinsurance panel to approximately 90 reinsurers, all of which have an "A-" (Excellent) (Outlook Stable) or better financial strength rating from A.M. Best or post collateral;
- The successful completion of the Company's Specialty Homeowners Facility, which provides quota share reinsurance for Palomar's specialty homeowners business in Alabama, Louisiana, Mississippi, North Carolina and Texas;
- The expiration of Torrey Pines Re, the Company's 2017 catastrophe bond; and
- Prepaid reinstatements for all layers that include a reinstatement provision

Palomar President, Heath Fisher added, "Palomar strategically implemented a number of changes to simplify and streamline our program for the betterment of all parties. This decision reflects our commitment to collaborate with our panel to refine the program in a mutually beneficial manner, and we are thrilled at how well our reinsurers responded. In the teeth of a challenging market, it is gratifying to see our panel step up and grow their capacity to support our business. This further validates our strong results, unique portfolio, and the work we have put in to develop long-term partnerships that will endure all market cycles. We are grateful for the continued support of our reinsurers."

### About Palomar Holdings, Inc.

Palomar Holdings, Inc. is the ultimate parent and insurance holding company of its operating subsidiaries, Palomar Specialty Insurance Company and Palomar Specialty Reinsurance Company Bermuda Ltd. Palomar is an innovative insurer that focuses on the provision of specialty property insurance for residential and commercial clients. Palomar's underwriting and analytical acumen allow it to concentrate on certain markets that it believes are underserved by other insurance companies, such as the markets for earthquake, wind and flood insurance. Based in La Jolla, California, the company is an admitted carrier in 28 states. Palomar Specialty Insurance Company has an A.M. Best financial strength rating of "A-" (Excellent). To learn more about us, visit [www.palomarspecialty.com](http://www.palomarspecialty.com).

### Investor Relations

1-619-771-1743

[investors@palomarspecialty.com](mailto:investors@palomarspecialty.com)

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