



Palomar

Palomar Holdings, Inc.

Investor Day

June 15, 2022

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Today's Speakers



Mac Armstrong
Chief Executive Officer



Jon Christianson
President



Chris Uchida
Chief Financial Officer



Angela Grant
Chief Legal Officer



Jon Knutzen
Chief Risk Officer



Michelle Johnson
Chief Talent & Diversity Officer



Robert Beyerle
Chief Underwriting Officer

Today's Agenda

TIME	SECTION	SPEAKER
8:00am – 8:10am	Overview	Mac Armstrong
8:10am – 8:25am	What Makes Palomar A Specialty Insurance Leader?	Mac Armstrong
8:25am – 8:30am	Long Term Plan: Palomar 2X	Mac Armstrong
8:30am – 8:40am	Q&A Session	
	Palomar Deep Dive	
8:40am – 8:50am	Culture And Talent	Michelle Johnson
8:50am – 9:20am	Specialty Product Expertise	Jon Christianson and Robert Beyerle
9:20am – 9:35am	Break	
9:35am – 10:05am	Reinsurance And Analytics	Jon Knutzen
10:05am – 10:20am	Operations And Technology	Jon Christianson
10:20am – 10:40am	Q&A Session	
10:40am – 10:50am	Break	
10:50am – 11:00am	Commitment To ESG	Angela Grant
11:00am – 11:30am	Path to 2X – Financials	Chris Uchida
11:30am – 11:35am	Closing Remarks	Mac Armstrong
11:35am – 12:00pm	Q&A Session	

Overview

Palomar Investor Day – What We Want to Accomplish

PROFITABLE GROWTH | EARNINGS PREDICTABILITY | LIMITED VOLATILITY

Strategic Objectives:

- Introduction of Palomar 2X strategic framework
- Comprehensive review of business
- Near term strategic initiatives
- Introduce extended talent and expertise

Highlights and Takeaways:

- Significant runway for organic growth
- Best in class approach to talent attraction and retention
- A proven, flexible operational model that applies to new market segments and products
- Continuous innovation in underwriting helps to identify new opportunities
- A conservative approach to risk transfer minimizes losses and enhances profitability
- A reputation as a partner of choice for industry leaders

Company Profile

TRACK RECORD OF DELIVERING STRONG GROWTH AND CONTINUED PROFITABILITY

Specialty insurer using data analytics and underwriting acumen to capitalize on market dislocations and provide disruptive products that resonate with producers, other insurers and reinsurers

Leading Earthquake insurer in the United States

Multi-channel distribution serving residential and commercial clients

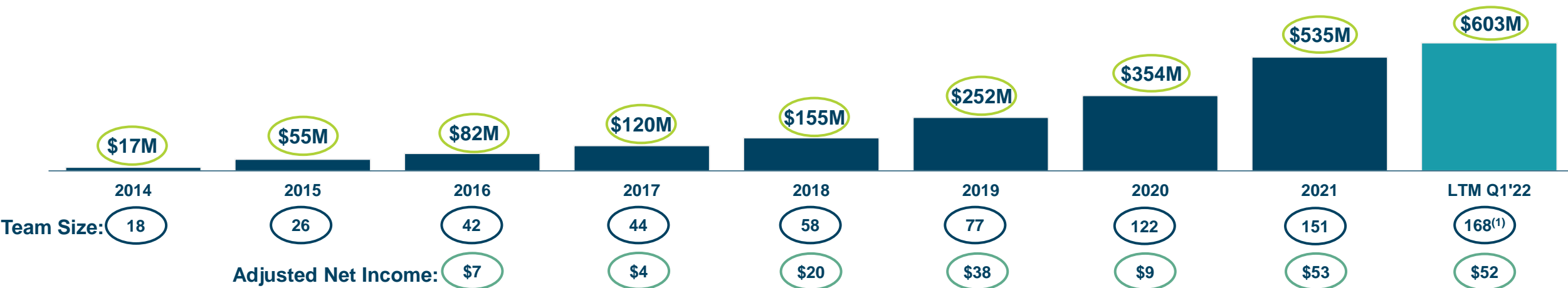
**Admitted and E&S offerings with nationwide scope
A.M. Best “A- (Excellent)” FSC group rating**

Risk transfer strategy limits exposure to major events and reduces earnings volatility

Committed to environmental, social, governance, diversity and inclusion initiatives

Recognizing How Far We Have Come

EXPANSION SINCE INCEPTION (GWP)



- A small team addressing a single line of business...
 - ...Adding hurricane exposure and the associated analytics and risk transfer required...
 - ...Adding attritional loss exposure and the actuarial, claims and legal resources required...
 - ...Launching an affiliated MGA and an affiliated reinsurer...
 - ...Building an internal technology system to support in-house underwriting...
 - ...Completing an IPO and transitioning to life as a public company...
 - ...Expanding from a single office to a multi-state, hybrid work footprint...
 - ...Entering the E&S market and standing up several new products...
 - ...Entering the Casualty and Fronting markets...

Our Strategy

COMBINING DATA ANALYTICS, UNDERWRITING ACUMEN AND TECHNOLOGY TO CREATE FLEXIBLE PRODUCTS THAT DELIVER VALUE FOR POLICYHOLDERS, PRODUCERS, REINSURERS AND INSURANCE COMPANY PARTNERS

MARKETS

- Markets with attractive long term returns but fragmented competition
- Straightforward risks, legal environments and claims processes
- Willingness to enter dislocated markets

PRODUCTS

- Products that are A.M. Best rated and clearly differentiated from alternatives
- Flexible coverages compared to alternatives with rigid forms or limited options
- Personal and commercial products available on an admitted and E&S basis

UNDERWRITING

- Scalable underwriting approach combining data analysis with human expertise
- Lines of business that can leverage automation and improved risk selection at scale
- Straightforward risks that can be quoted efficiently and perform homogenously

DISTRIBUTION

- Open architecture model that leverages multiple distribution channels
- Opportunities to solve a clear market need for producers
- Inside Sales team extends agency reach and offers personalized service

RISK TRANSFER

- Comprehensive risk transfer program utilizing excess of loss, quota share and property per risk coverages
- Accumulate risks with attractive returns that are hard for reinsurers to access or aggregate
- Flexibility to modify risk appetite and strategy to suit market conditions and maturity of programs

2021 Strategic Initiatives Check-In

	E&S COMPANY	PLMR-FRONT	CASUALTY DIVISION	EXCESS PROPERTY
WHY	<ul style="list-style-type: none"> • Serve certain risks that our admitted products cannot satisfy • React quickly to changes in market conditions • More efficient path to a national footprint and ability to service national business 	<ul style="list-style-type: none"> • Compelling risk-adjusted returns and reliable, fee-based income stream • Enter new markets as a non-risk bearing insurance entity with the flexibility to selectively participate in risk over time • Strong MGA sector momentum with increasing demand for capacity and minimal market penetration 	<ul style="list-style-type: none"> • Complement existing property insurance footprint and enhance economics • Limited incremental investment and new sources of fee income 	<ul style="list-style-type: none"> • Reduced capacity has created attractive market conditions • An opportunity to write property business that is less susceptible to attritional losses • Further diversify our property offering
HOW	<ul style="list-style-type: none"> • Write business on a direct basis and via trusted and proven program administrators to scale quickly • Leverage our analytically driven underwriting framework to write business on a national scale 	<ul style="list-style-type: none"> • Leverage existing talent and expertise within our Programs team • Fully reinsured and collateralized model • Target specialty MGAs, insurance carriers and reinsurers seeking an A.M. Best rated issuing carrier 	<ul style="list-style-type: none"> • Hired Casualty veterans that bring industry experience, expertise and relationships • Initial focus on lines with a low claims frequency and severity that can enhance overall ROE • Utilize reinsurance to manage net exposure and minimize volatility • Leverage existing technology infrastructure 	<ul style="list-style-type: none"> • Hired 30-Year Property veteran with proven track record of growth and profitability • Identifying the proper attachment point for each opportunity • Combined approach of using reinsurance and 3rd party capacity to limit our net line, reduce volatility and maximize revenue
PROGRESS	<ul style="list-style-type: none"> • \$67 million of Q1 2022 GWP • 39% of overall Q1 2022 GWP • 182% year-over-year growth 	<ul style="list-style-type: none"> • Several announced deals and strong pipeline of qualified opportunities • \$30 million of Q1 2022 GWP • Targeting \$80 to \$100 million of managed Fronting GWP for YE 2022 	<ul style="list-style-type: none"> • Launched Commercial General Liability and Professional Liability products • Completed quota share placements • Continued distribution network buildout 	<ul style="list-style-type: none"> • Late Q2-2022 launch utilizing facultative reinsurance • Expect to complete quota share reinsurance treaty and 3rd party capacity agreement in Q3-2022

2022 Strategic Initiatives

SUSTAIN STRONG GROWTH

- **Generate strong top line growth within both heritage and newer lines of business**
- Record new business sales for Residential Earthquake in Q1
- Additional product growth within Inland Marine, Commercial All Risk and Residential Flood
- Scale PESIC to represent nearly 50% of total GWP

MONETIZE RECENT INVESTMENTS

- **Affirmed target of \$80 to \$100 million⁽¹⁾ of managed Fronting GWP for YE 2022**
- Continued progress within Commercial General Liability, Professional Liability and Excess Property development
- Prioritized quota share reinsurance, distribution network buildout and development of systems, forms and filings for new products

ENHANCE EARNINGS PREDICTABILITY

- **Concerted effort to mitigate earnings volatility**
- Aggregate reinsurance protects against event frequency and establishes an adjusted ROE floor of approximately 14%
- Successfully placed quota share reinsurance for our new Casualty products
- Continued reduction of continental wind exposure:
 - Admitted Commercial All Risk run-off completed during 2021
 - Specialty Homeowners transition to fronting arrangement in Texas and run-off elsewhere (Louisiana completed during 2021)

SCALE THE ORGANIZATION

- **Using technology and process optimization to reduce organizational costs enabling future scale and margin expansion**
- Hired talent and expertise within actuarial, analytics, operations and technology departments to support growth
- New hires leverage existing technology and infrastructure platforms to scale new initiatives efficiently

What Makes Palomar A Specialty Insurance Leader?

Entrepreneurial and Experienced Management Team

LEADING SPECIALTY INSURANCE TALENT CONTINUES TO EXECUTE AND ADD DEPTH TO THE ORGANIZATION

NAME	EXPERIENCE (YRS)	PRIOR PROFESSIONAL EXPERIENCE
Mac Armstrong Chairman & Chief Executive Officer	25+	Arrowhead General Insurance Agency Spectrum Equity Alex. Brown & Sons
Jon Christianson President	20+	Holborn Corporation John B. Collins Associates Guy Carpenter
Chris Uchida Chief Financial Officer	25+	Arrowhead General Insurance Agency PwC
Jon Knutzen Chief Risk Officer	25+	TigerRisk Partners Holborn Corporation Guy Carpenter
Michelle Johnson Chief Talent & Diversity Officer	20+	Option One Mortgage AMN Healthcare Panasonic Avionics Corporation
Angela Grant Chief Legal Officer	30+	CSE Insurance Group Hippo Esurance Kemper GEICO
Robert Beyerle Chief Underwriting Officer	20+	Great American Insurance Company Acordia Southeast
Bill Bold Chief Strategy Officer	30+	U.C. San Diego School of Global Policy & Strategy Qualcomm
Mark Brose Chief Technology Officer	25+	Agosto Inc. Gravie Best Buy
Greg Tupper Chief Information Security Officer	25+	UnitedHealth Group Mocon WellBeats

Analytically Driven, Disciplined Underwriting

ABILITY TO EXECUTE

**Identify Market Need
Risk Transfer
Distribution Architecture**

QUANTIFIABLE SUPPORT

**Financial Modeling
Catastrophe/Loss Analytics
Data-Driven Pricing**

“WRITE WHAT WE KNOW”

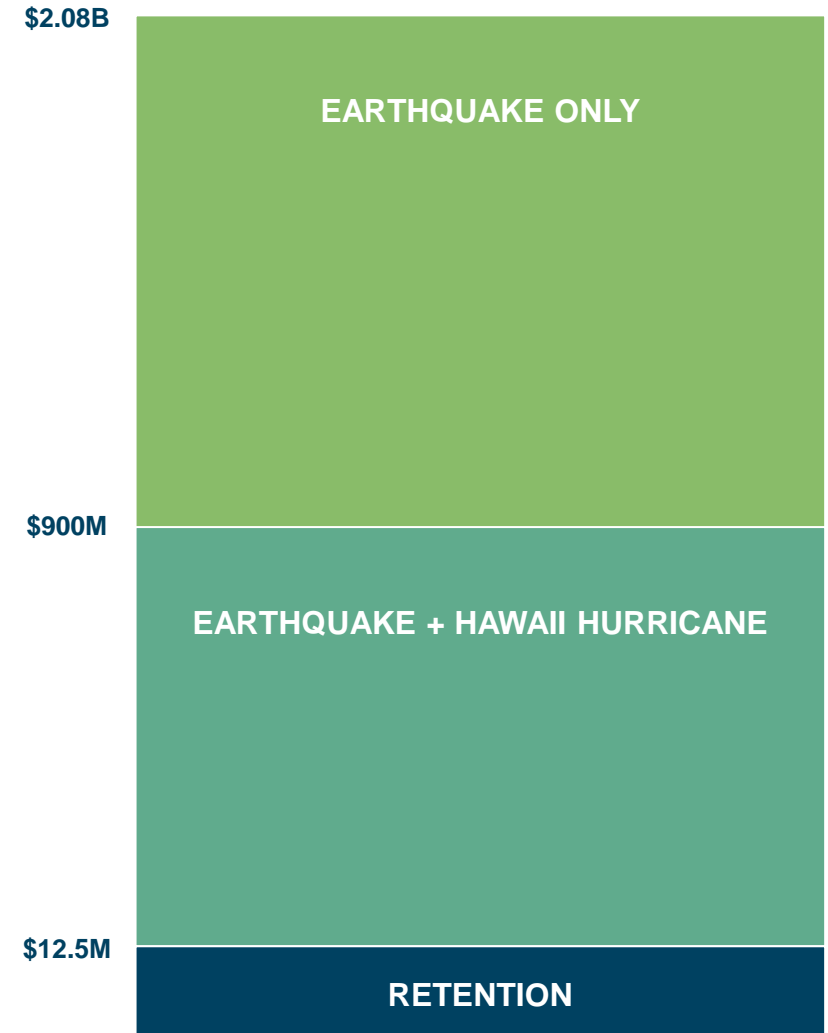
**Avoid Complex Exposures
Transferrable Model
Adherence to Guidelines**

OPERATIONAL LONGEVITY

**Scale with Technology
Regulatory Considerations
Third Party Utilization**

Comprehensive Risk Transfer Program

- XOL reinsurance coverage up to \$2.08 billion for earthquake events and \$900 million for hurricane events
 - Panel includes over 100 highly rated reinsurers and cat bond investors
 - Event retention of \$12.5 million represents 3% of stockholders' equity as of 3/31/22
- \$25 million excess \$30 million of catastrophe aggregate limit effective 4/1/2022
 - Established an adjusted ROE floor of approximately 14% for 2022 based on the mid-point of the previously announced adjusted net income range of \$80 - \$85 million
 - Covered perils include but are not limited to earthquake, hurricane, convective storms and floods above a qualifying level of \$2 million in ultimate gross loss
- Quota share reinsurance used to further mitigate the impact of losses
 - Cede majority of exposure for attritional lines of business and earn attractive ceding commission
 - Utilize quota share and per risk coverage to manage net exposure to any single risk



Flexible Distribution Network

MULTIPLE SOURCES OF GROWTH AND THE FLEXIBILITY TO RAPIDLY CAPITALIZE ON CHANGING MARKET CONDITIONS

RETAIL AGENTS

- Primarily distribute personal lines products
- High retention rates and rate stability
- Cross-selling potential
- Direct access to PASS, our agency portal

WHOLESALE BROKERS

- Predominant channel for commercial property and casualty insurance
- Much higher average premium than retail business

PROGRAM ADMINISTRATORS

- Rapid scale via utilization of existing distribution infrastructures
- Products ultimately sold by retailers and wholesalers

CARRIER PARTNERSHIPS

- Companion offers
- Direct appointments with captive agents
- Reinsurance for existing and new risks

UNIQUE DISTRIBUTION MODEL LEVERAGES SCALABILITY AND ACCESS TO DIFFERENT MARKETS

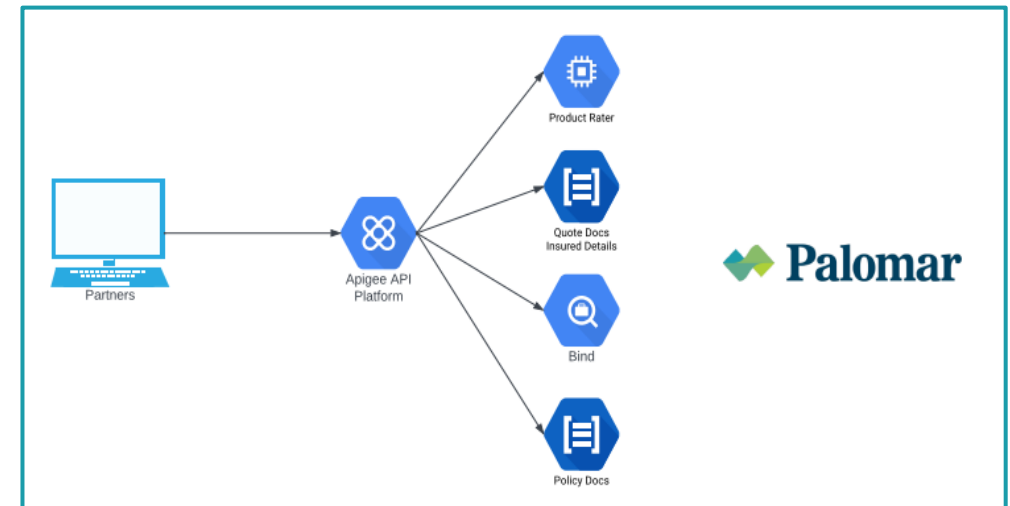
Innovative Technology Platform

EMPHASIS ON THE USE OF TECHNOLOGY AND ANALYTICS ACROSS OUR BUSINESS

- Technology systems built for automation and efficiency
- Integration between pricing models, policy administration and analytics
- Ability to rapidly quote and bind policies for producers
- API development for partners with Palomar Automated Submission System (PASS)
- Real-time data and event reporting
- Seamless communication with partner carriers and reinsurers
- Scalable platform reduces operating costs and improves efficiency

API Capabilities

Customized API integration providing a streamlined transaction process to satisfy partner needs

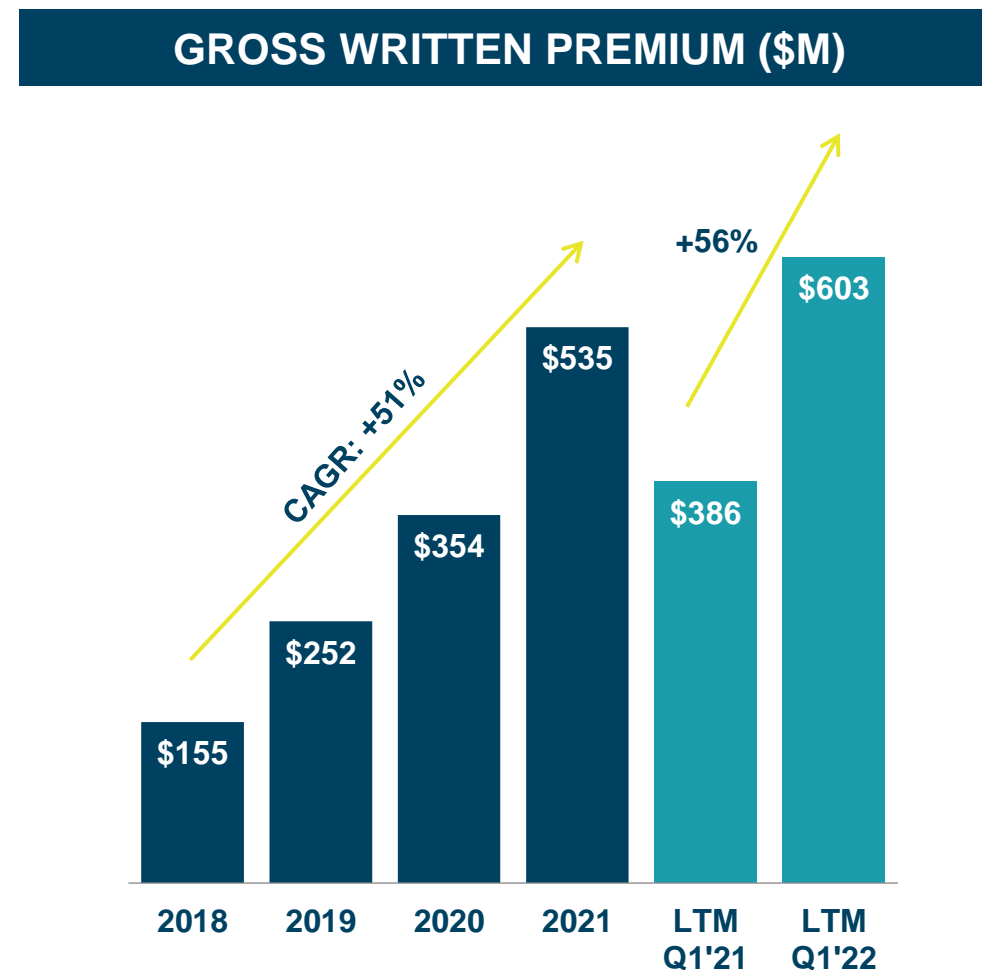


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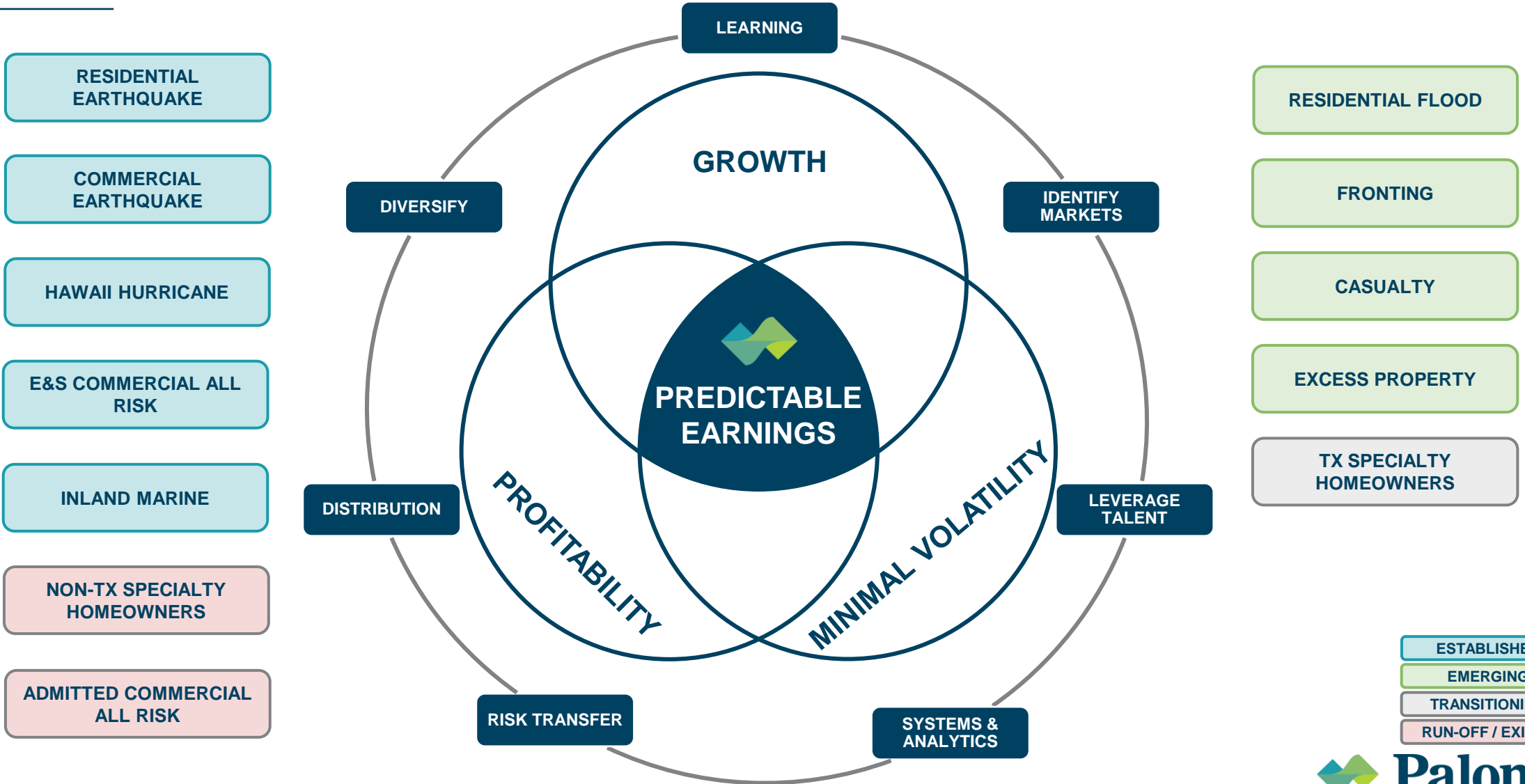
Bundle Palomar® A- A.M. Best Rating **Alternative Rate** \$853.44 / 12 months [Continue to Buy](#) [See details](#)

Numerous Growth Vectors

AVENUES	CONTINUED OPPORTUNITY
NEW PRODUCTS	<ul style="list-style-type: none"> • Monetize investments in new lines including General Casualty, Excess Property and Professional Liability • Scale Fronting business to \$80 - \$100M of GWP during 2022
NEW GEOGRAPHIC MARKETS	<ul style="list-style-type: none"> • Scale nationwide via E&S vehicle • Expand existing admitted market share in 34 current states and enter new states
NEW DISTRIBUTION OPPORTUNITIES	<ul style="list-style-type: none"> • Emerging distribution channels • Increasing cross-sell opportunities • National E&S partnerships • Fronting partnerships
ENHANCED REVENUE STREAMS	<ul style="list-style-type: none"> • Attract and transform risk • Generate fee and commission income



The Palomar Approach



Long Term Plan: Palomar 2X

Introducing PLMR 2X

PHILOSOPHY: AN ORGANIC BUSINESS STRATEGY DESIGNED TO DOUBLE UNDERWRITING INCOME IN A PREDICTABLE MANNER OVER AN INTERMEDIATE TIMEFRAME

FUNDAMENTAL PRINCIPLES	KEY COMPONENTS	FINANCIAL OBJECTIVES
<ul style="list-style-type: none">• Organic growth• Anchored by non-attribitional loss business (Earthquake and Hawaii Hurricane)• Entry into new markets driven by replicable, analytics-driven process• Continued reduction in non-earthquake catastrophic exposure• Conservative and comprehensive risk transfer strategy• Fee income as a complementary and diversifying income stream• Investments in people, processes and systems to effectively scale the business• Commitment to ESG	<ul style="list-style-type: none">• Earthquake• Inland Marine: Builders Risk• Excess Property• General Casualty• Professional Liability• Flood• Fronting	<ul style="list-style-type: none">• Continually doubling Underwriting Income over an intermediate timeframe through organic growth• Adjusted ROE greater than 20%• Maintain industry leading profit margins

Q&A

Palomar Deep Dive

Culture And Talent

Culture And Talent

**AUTHENTIC & AGILE
ENVIRONMENT**

**PROMOTABLE & ENGAGED
WORKFORCE**

**ENTREPRENEURIAL &
PASSIONATE SPIRIT**

HYBRID & ACCOUNTABLE

**DIVERSITY, INCLUSION, COMMUNITY
ENGAGEMENT & EQUALITY (DICE)**

STRATEGIC RECRUITING

- Underwriting, Tech, Analytics
- Internship Program

LEADERSHIP & TEAM MEMBER DEVELOPMENT

- Succession Planning
- Career Pathing

TOTAL REWARDS

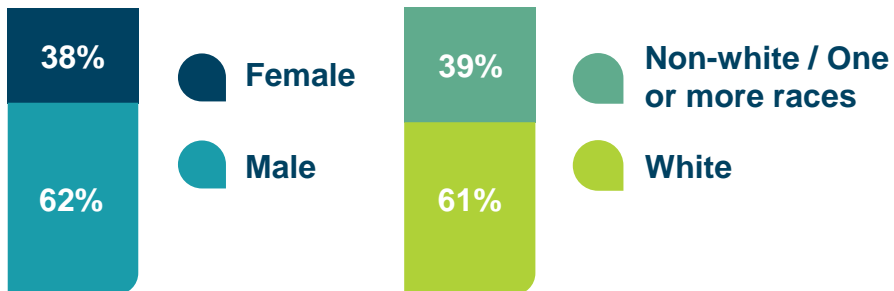
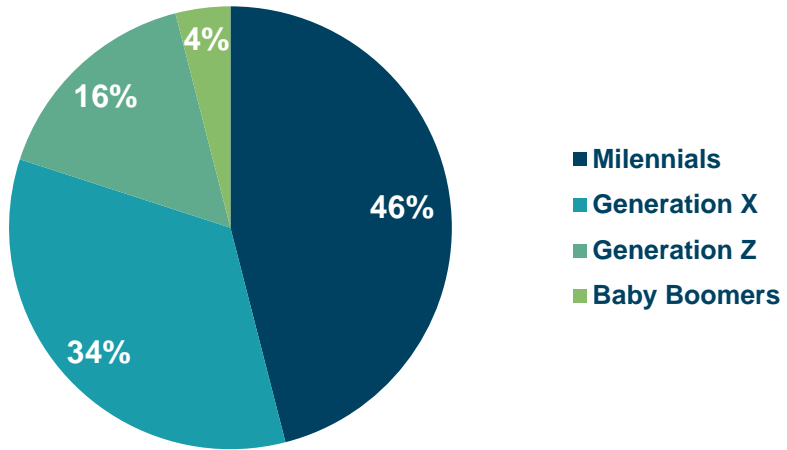
- Pay for Performance
- Short-term incentive and Long-term incentive plans for all team members

RETENTION & ENGAGEMENT

- Engagement and Communication Strategy
- Operational Efficiency

Workforce Overview

TOTAL WORKFORCE 2021



HEADCOUNT

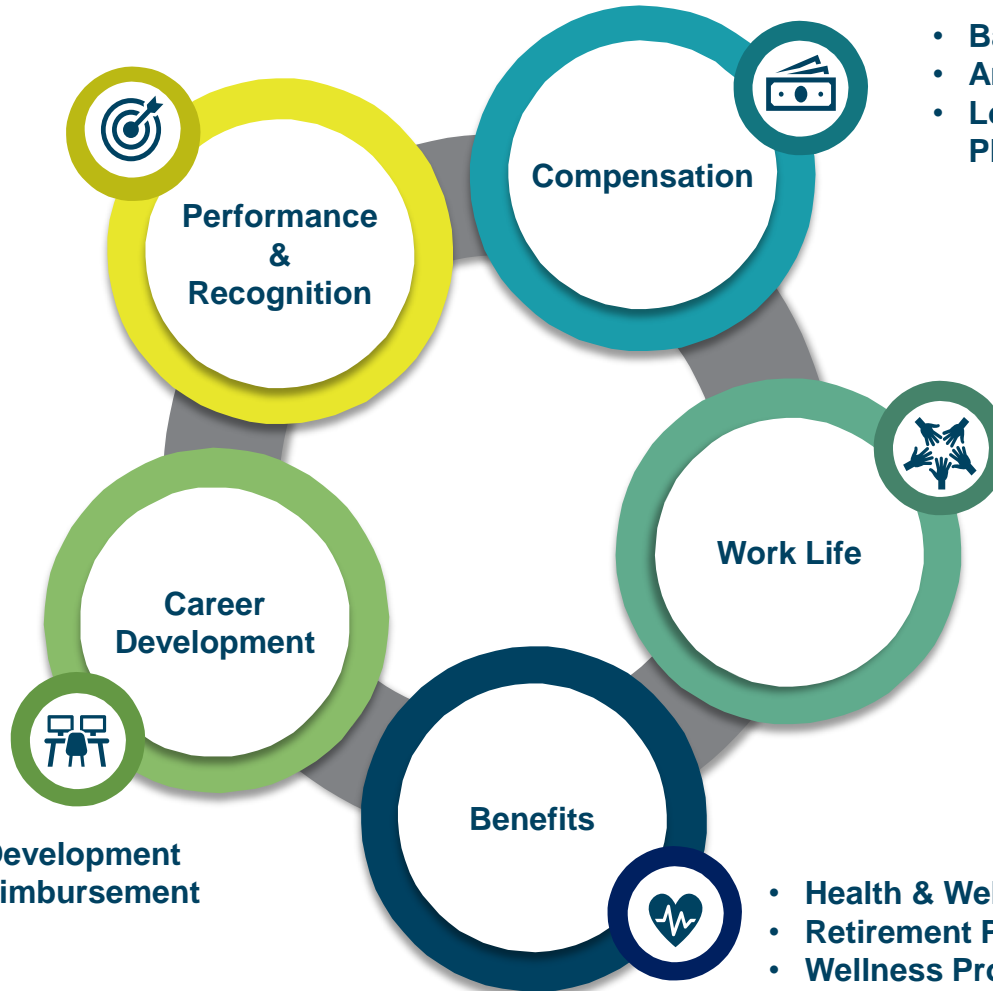


CURRENT TEAM TENURE⁽¹⁾



Team Member Experience

- 1:1's
- Goal Setting
- Coaching & Feedback



- Base Salary
- Annual Bonus
- Long-term Incentive Plans for Everyone

- Paid Time Off
- Diverse Work Environment
- Hybrid Work Environment

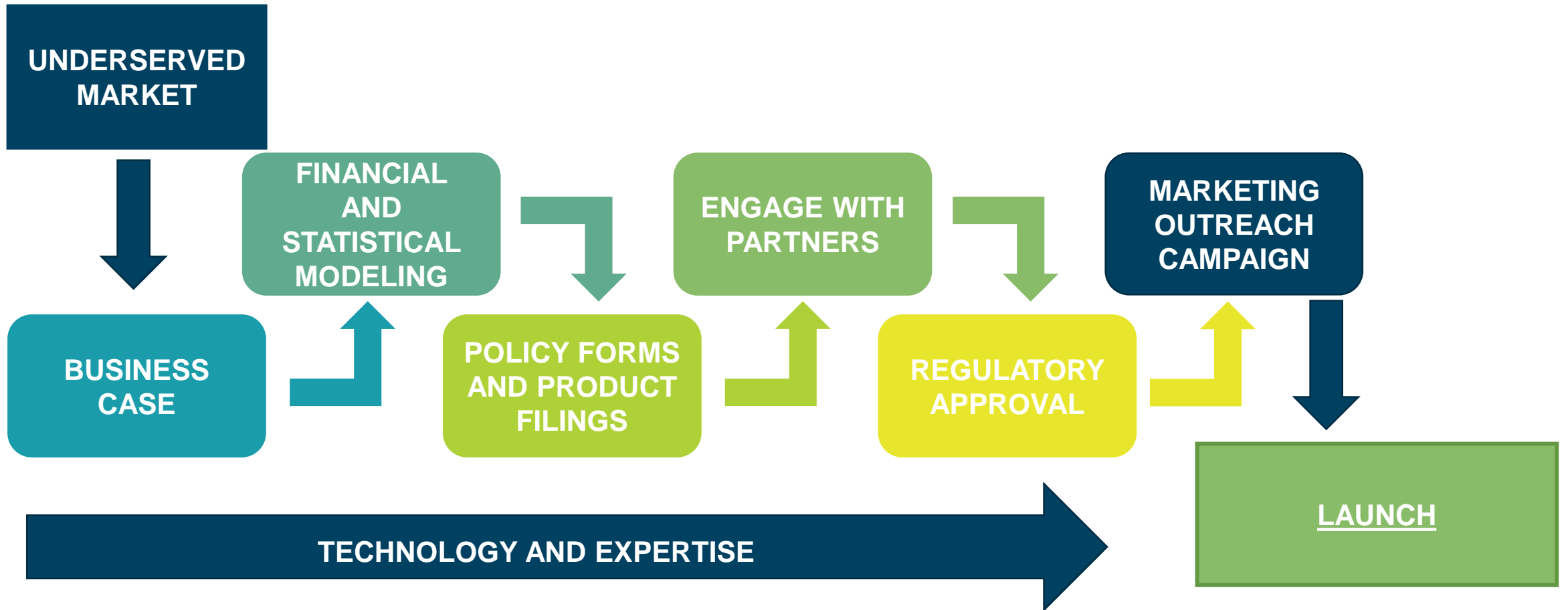
- Health & Welfare
- Retirement Planning
- Wellness Programs

- Internal Career Mobility
- Leadership & Team Member Development
- Professional Development Reimbursement

Specialty Product Expertise

Product Development

PROVEN ROADMAP OF SUCCESSFUL SPECIALTY PRODUCT DEVELOPMENT AND DEPLOYMENT



Analytical Underwriting

EMPHASIS ON INCORPORATING DATA ACROSS ALL PALOMAR PRODUCTS ALIKE

- Technology-enabled platform
- Experienced entrepreneurial underwriters
- Optimized balance of in-house and delegated authority
- Analytically supported feedback loop
- On-going training and technology progression
- Risk-level profitability assessment



Deep Dive: Earthquake

LEADERSHIP

- Jon Christianson – President and Founding Member, 20+ Years
- Evan Kuhn – Vice President of Underwriting, 15+ Years

UNDERWRITING APPROACH

- Product designed to address historical market shortcomings to increase overall take-up rate
- Priced at a granular level with flexible product features, delivered via a technologically efficient platform
- Ability to serve admitted and E&S markets

DISTRIBUTION

- Retail Agents, Wholesale Brokers
- Program Administrators
- Strategic Partners

REINSURANCE

- \$2.08 billion of total earthquake limit, including:
 - \$675 million of catastrophe bonds placed across four tranches
 - \$135 million of per occurrence protection through a 20% quota share treaty renewed on 1/1/22

LONG TERM OBJECTIVE

- Continued organic growth via both residential and commercial products
- Capitalize on residential market dislocation and CEA disruption

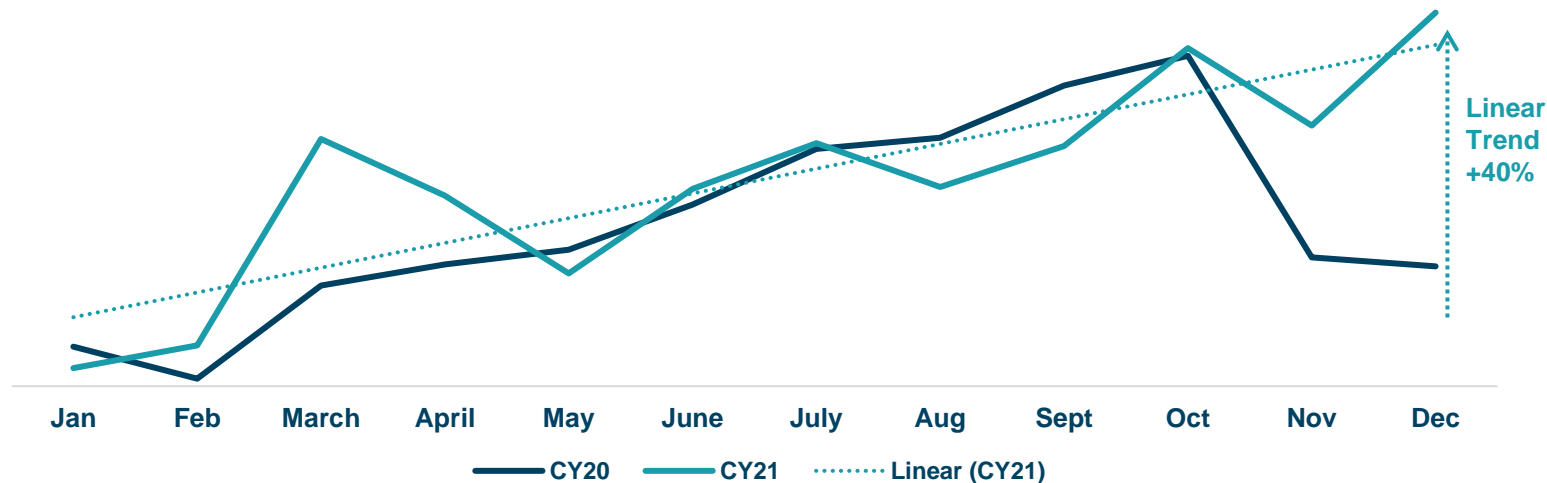
Residential Earthquake Market Opportunity

DISLOCATION WITHIN THE RESIDENTIAL EARTHQUAKE MARKET

- On December 15, 2021, the CEA released a circular (OPS-21-04) to all participating insurers addressing the CEA's willingness to permit – and to an extent encourage – CEA participating insurers to offer non-CEA residential earthquake insurance options
- CEA Participating Insurers comprise nearly 80% of the residential property market in California
- CEA Governing Board reduced Claims Paying Capacity in March 2022; downgraded by Fitch
- Dislocation due to wildfire risk results in the remarketing of policies; opportunity to sell earthquake
- E&S capacity becoming more widely accepted in California personal lines; freedom of rate and form

NEW RESIDENTIAL EARTHQUAKE BUSINESS: VALUE SELECT GROWTH

- Independent of changes to the CEA, residential earthquake production is exhibiting a strong trend (Value Select Production below)



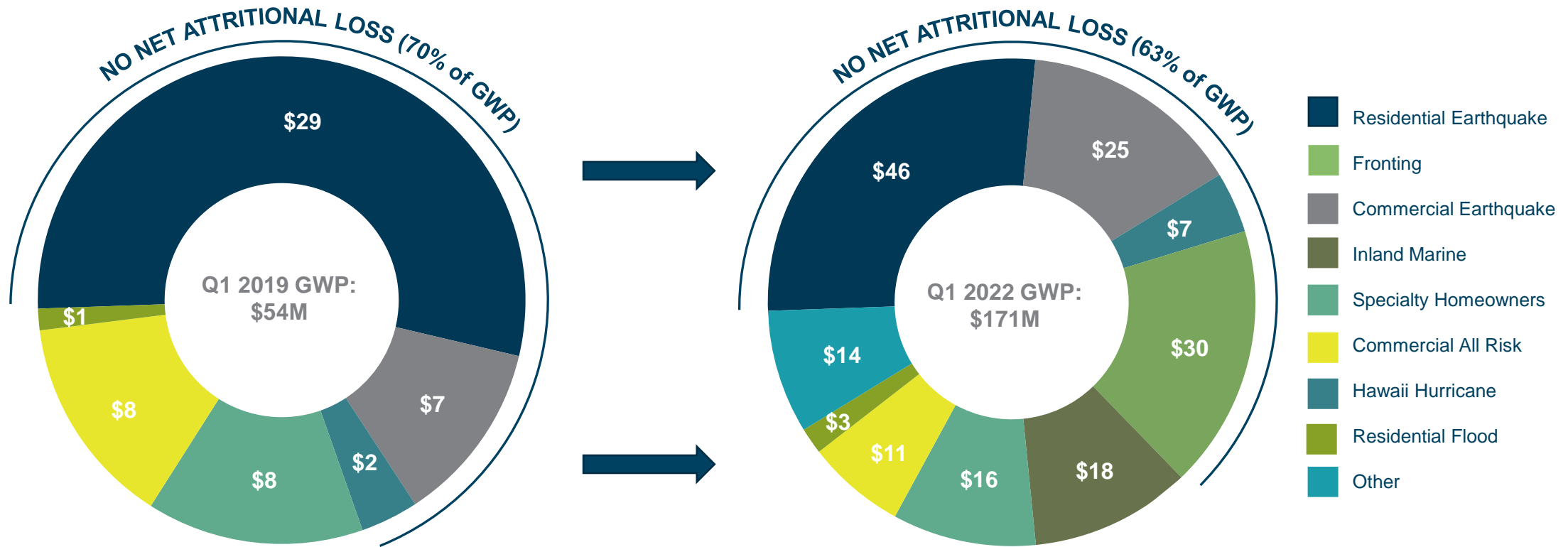
Business Development: Inside Sales Team

EXCEPTIONAL OPERATIONAL EFFORT FOR BUSINESS AND PRODUCT DEVELOPMENT

WHY	HOW	CURRENT STATUS
<ul style="list-style-type: none">• Accelerate appointment of new agents• Deepen relationships with existing agents• Grow personal lines distribution• Analyze results to improve model	<ul style="list-style-type: none">• Proactive outreach to insurance agents• Develop and nurture relationships• Demo PASS and encourage quoting• Pursue concrete written premium targets	<ul style="list-style-type: none">• 20%+ of contacted agents become producers• Impactful LTV:CAC generation

Development of Business Mix

AS OUR BUSINESS EVOLVES, LINES WITH NO NET ATTRITIONAL LOSS ARE A FOCUS FOR PALOMAR



Differentiated Products for Underserved Markets

	Opportunity	Palomar Offering
27% Residential Earthquake	<ul style="list-style-type: none"> Competitors' products have limited options and are priced in broad territorial zones An optional coverage that many property owners choose not to purchase due to high price and limited coverage options 	<ul style="list-style-type: none"> Products are priced at a granular level and offer flexible product features Seek to expand the earthquake insurance market by attracting buyers who may not otherwise acquire protection
15% Commercial Earthquake		
17% Fronting	<ul style="list-style-type: none"> Capture highly structured, very low leverage fee business using existing capabilities, infrastructure and talent 	<ul style="list-style-type: none"> "A- Excellent" rated admitted and E&S insurance companies and experienced team to manage any inherent execution risk
11% Inland Marine	<ul style="list-style-type: none"> Many admitted inland marine carriers avoid markets with perceived exposure to windstorms and earthquakes 	<ul style="list-style-type: none"> Utilize a technical risk pricing methodology that enables us to select and price risk appropriately
10% Specialty Homeowners	<ul style="list-style-type: none"> Many insurers avoid coastal regions due to windstorm exposure 	<ul style="list-style-type: none"> Offered in markets that we identified through detailed analysis of pricing dynamics and historical loss ratios
6% Commercial All Risk	<ul style="list-style-type: none"> The layered and shared commercial property market currently has a high level of market dislocation 	<ul style="list-style-type: none"> Offered on a national E&S basis to address certain risks which our admitted products previously could not satisfy
4% Hawaii Hurricane	<ul style="list-style-type: none"> Coverage is required for homeowners that carry a mortgage for their homes in the state of Hawaii 	<ul style="list-style-type: none"> Preferred by local retail agents due to our "A-" rating and our easy-to-use technology platform
2% Residential Flood	<ul style="list-style-type: none"> The current private market flood product offerings are scarce and outdated 	<ul style="list-style-type: none"> Broader coverage than the NFIP and more streamlined approval process with no required elevation certificate or waiting period
8% Other	<ul style="list-style-type: none"> Additional market segments within the P&C industry with the potential to generate attractive risk adjusted returns 	<ul style="list-style-type: none"> Admitted and E&S offerings that harness existing strengths and complement our current product suite

Deep Dive: Inland Marine

LEADERSHIP

- Robert Beyerle – Chief Underwriting Officer, 20+ Years
- Paul Kim – Vice President of Underwriting, 15+ Years
- Cecil Wilson – Vice President of Underwriting, 30+ Years

UNDERWRITING APPROACH

- Experienced underwriters with authority to make decisions to meet the time sensitive nature of the business
- Flexibility with capacity allows underwriters to provide solutions to complex risks
- Comprehensive product suite includes both admitted and E&S offering

DISTRIBUTION

- Retail Agents, Wholesale Brokers and Program Administrators
- Long-term relationships between Palomar underwriters and top distribution partners

REINSURANCE

- Quota Share coverage with a max net line of \$3 million
- Quota Share generates fee income via ceding commission

LONG TERM OBJECTIVE

- Target profitable, well underwritten business sourced internally and from expert program managers
- Increase participation in each line of business over time to maximize net income

Deep Dive: Casualty

LEADERSHIP

- Ty Robben – Senior Vice President of Underwriting, 14+ Years
- Gerrit VandeKemp – Vice President of Underwriting, 12+ Years

UNDERWRITING APPROACH

- Targeting low limit, low frequency and low severity business
- Modern technology infrastructure enables quicker response times and data-informed underwriting
- Experience and relationships enable rapid path to market and reinsurance support

DISTRIBUTION

- Wholesale Brokers
- Program Administrators

REINSURANCE

- Quota Share coverage with a max net line of \$2 million
- Quota Share generates fee income via ceding commission

LONG TERM OBJECTIVE

- Build a profitable operation utilizing existing infrastructure, expertise and product development
- Increase and maintain market share

Deep Dive: PLMR-FRONT

LEADERSHIP

- Jason Sears – Executive Vice President and Head of Programs, 20+ Years
- Brandon Loyd – Assistant Vice President of Programs, 15+ Years
- Kent Watson – Assistant Vice President of Programs, 14+ Years

UNDERWRITING APPROACH

- Currently take no risk positions with significant fee income from (re)insurance placement
- Require collateral in excess of Statutory Accounting requirements
- Oversee partners via underwriting, claims and financial audits

DISTRIBUTION

- Insurance carriers with inadequate licensing (state or E&S) or lower rating
- Reinsurer or reinsurers supporting and managing general agents (“MGAs”)

REINSURANCE

- Heavily protected with quota share reinsurance

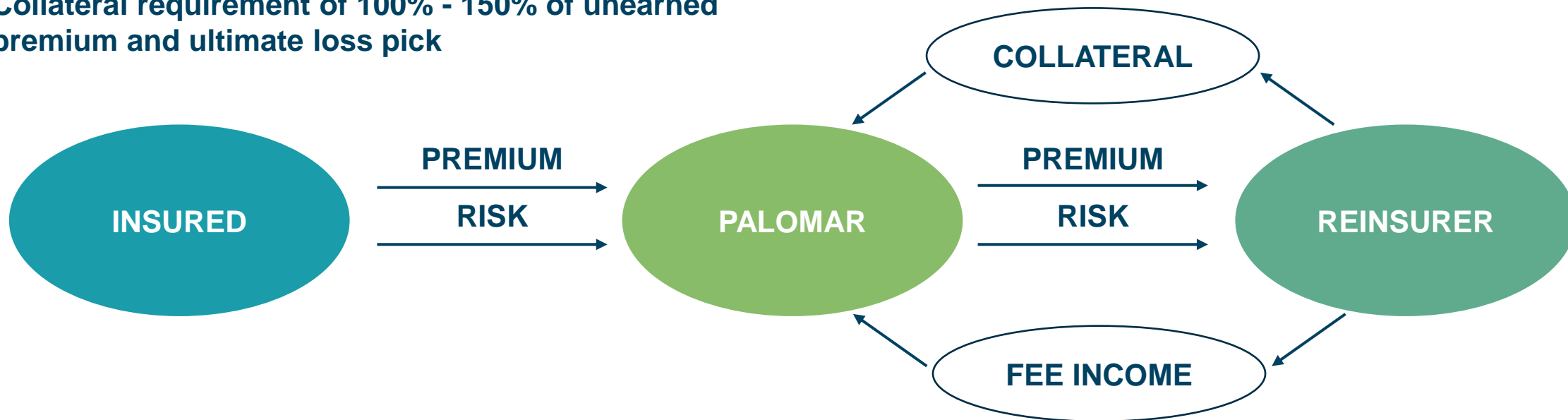
LONG TERM OBJECTIVE

- Compelling risk-adjusted returns and reliable, fee-based income stream
- Enhancing ROE stability
- Targeting \$80 - \$100 million⁽¹⁾ of GWP in 2022

PLMR-FRONT Model

- Fully reinsured and collateralized model to satisfy claims payment obligations
- Risk is transferred to reinsurer(s)
- Target 5-8% Fee Income and a contractual minimum fee
- Collateral requirement of 100% - 150% of unearned premium and ultimate loss pick

Quota Share Attributes	PLMR-FRONT
Current PLMR Retention	0%
PLMR Gross Limit Exposed	N/A
PLMR Net Limit Exposed	N/A
PLMR Fee Income ¹	5-8%



Product Case Studies

	INLAND MARINE BUILDER'S RISK	CASUALTY REAL ESTATE E&O	FRONTING COWBELL
PRODUCT OVERVIEW	<ul style="list-style-type: none"> Launched in January 2019 Targeting the mid market Builder's Risk segment Accessing business via in-house underwriting and industry leading partners 	<ul style="list-style-type: none"> Launched in September 2020 Admitted California Real Estate Agents Errors & Omissions Program Management experience and expertise within this market 	<ul style="list-style-type: none"> Launched in October 2021 Cowbell is one of the leading Cyber MGAs Renowned reinsurance partners involved Focus on small and mid-sized business segment
TARGET STRATEGY	<ul style="list-style-type: none"> Residential and commercial availability Capacity varies by construction and project type Ability to serve Admitted and E&S markets Currently offered in 40 states 	<ul style="list-style-type: none"> Limits up to \$2M per Occurrence / \$2M general aggregate Enter market with known and proven underwriting in a niche market Quota share terms allow for fee income via ceding commissions 	<ul style="list-style-type: none"> Allows for entry into Cyber market with strong expertise and risk transfer support No conflict with existing internal initiatives Quota share terms allow for above market override/fee
PARTNERSHIP OVERVIEW	<ul style="list-style-type: none"> Wholesale brokers (internal business) Program administrators: TRU and PURE (external business) Retail construction specialists 	<ul style="list-style-type: none"> Program administrator 	<ul style="list-style-type: none"> 100% quota share coverage Current treaty period has a premium income cap
PERFORMANCE	<ul style="list-style-type: none"> Inland Marine grew GWP 133% YoY Builder's Risk loss ratio of 25% for 2021 5% average QoQ rate increase Valuations incorporate real-time labor and materials costs 	<ul style="list-style-type: none"> GWP increased 150% YoY during 2021 Assessing state and distribution expansion 	<ul style="list-style-type: none"> Fee income stream Strong traction and attractive market conditions Attracting new reinsurers despite a severely constrained market Rates exceeding initial expectations

Break

Reinsurance And Analytics

Palomar Reinsurance Overview

- **Catastrophe per occurrence XOL reinsurance protects against severity of an event loss**
 - Hold an event loss to less than one quarter of earnings and less than 5% of stockholders' equity
 - Reinsurance coverage in excess of the 1:250-year Peak Zone Probable Maximum Loss ("PML")
 - 99.6% modeled probability that an event loss does not exceed the top of the reinsurance program
 - Catastrophe per occurrence reinsurance effectively manages high severity / low frequency risk of an EQ-driven portfolio
 - Historically, the per occurrence XOL reinsurance program has responded as designed
- **Aggregate catastrophe XOL reinsurance protects against the accumulation of multiple event losses**
 - Introduced in 2021, the aggregate treaty collars the potential cumulative impact of multiple catastrophe events
 - Current treaty attaches at \$30 million and provides \$25 million of coverage, equivalent to two full \$12.5 million losses
 - Coverage applies across all perils including but not limited to earthquake, hurricane, severe convective storm and flood for all qualifying event losses of \$2 million or greater up to a maximum of \$12.5 million per event
- **Quota share reinsurance used to further mitigate the impact of losses**

6/1 Market Update

SUCCESSFUL 6/1 EXECUTION WITHIN HARDEST REINSURANCE MARKET IN RECENT HISTORY

- Secured \$430 million of incremental limit to support growth; maintained per event retention at \$12.5 million
- Successfully issued \$275 million of collateralized capacity through Torrey Pines Re 144A Catastrophe Bond, increasing the total Catastrophe Bond capacity to \$675 million and further diversifying the reinsurance panel by accessing ILS investors on a multi-year basis
- Maintained prepaid reinstatements for all layers excluding portions of the first \$17.5 million layer
- First layer would incur additional premium of up to \$3.1 million after a non-EQ loss or \$1.4 million after an EQ loss
- Risk adjusted rate change of approximately 9%
- Renewed Attritional and Business Unit specific Quota Share placements at 5/1 and 6/1 within expectations

Current Cat Program

Core Catastrophe Tower

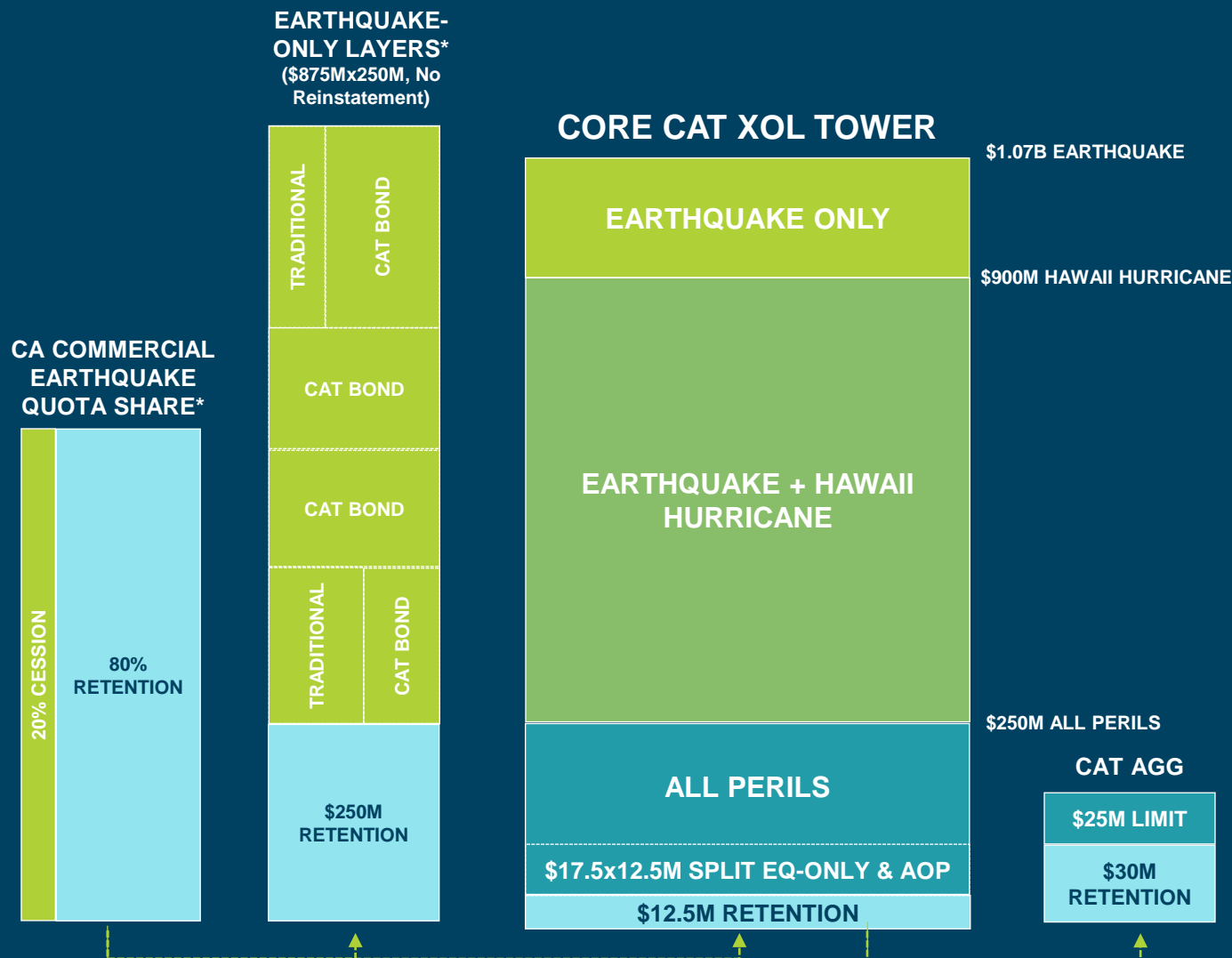
- Coverage to a conservative level based on projected PMLs
 - \$2.08 billion ground up coverage for Earthquake
 - \$900 million ground up coverage for Hawaii Hurricane
- Layer 1 (\$17.5 million xs \$12.5 million) includes four limits
 - Two each for earthquake and all other perils (“AOP”)

Inuring Catastrophe Reinsurance

- Commercial Earthquake Quota Share (renewed at 1/1/22)
- \$675 million of fully collateralized, multi-year catastrophe bond coverage
- \$200 million of additional traditional reinsurance capacity

Catastrophe Aggregate

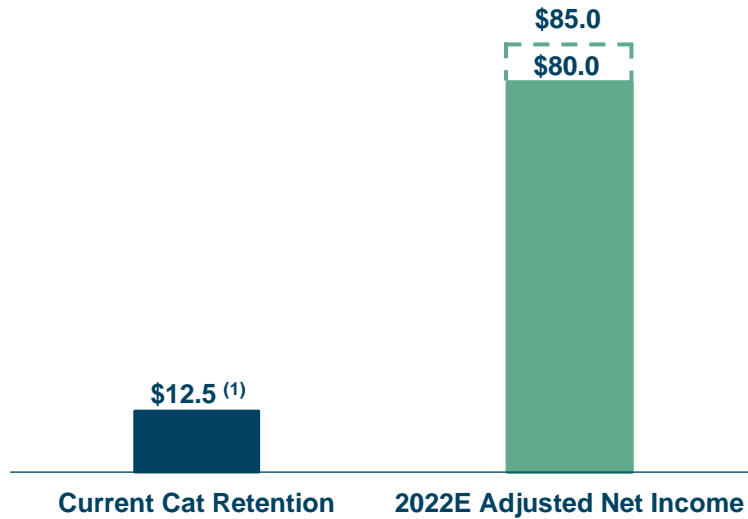
- \$25 million of protection after a \$30 million retention
- Subject to maximum \$12.5 million per event contribution after application of \$2.0 million franchise deductible



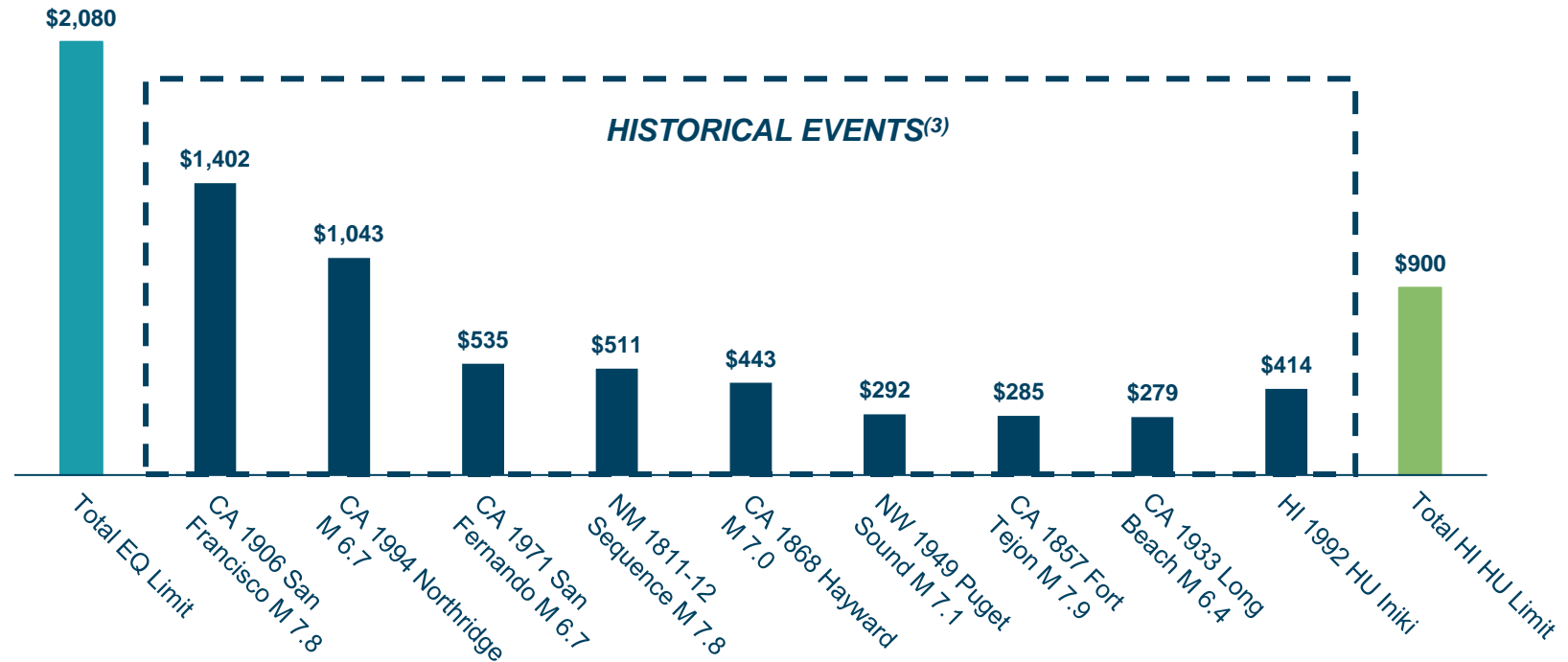
Reinsurance Program Designed to Minimize Earnings Volatility

- In-depth portfolio analytics conducted on a monthly basis utilizing multiple catastrophe models, deterministic loss scenarios and exposure profiles to assess risk to catastrophe losses and evaluate reinsurance coverage needs
- The current program, effective June 1, 2022, provides ground up coverage to \$2.08 billion for earthquake events and \$900 million for Hawaii hurricane events, substantially in excess of the modeled loss anticipated with the recurrence of the most severe historically significant catastrophes

CATASTROPHE RETENTION COMPARED TO ADJUSTED NET INCOME⁽²⁾(\$M)



REINSURANCE COVERAGE WELL IN EXCESS OF MODELED HISTORICAL EVENTS (\$M)



1. Reinstatement premium required in addition to \$12.5M retention
 2. 2022 YE Adjusted Net Income guidance range
 3. Based on exposure as of 3/31/2022

Highly-Rated Reinsurance Partners

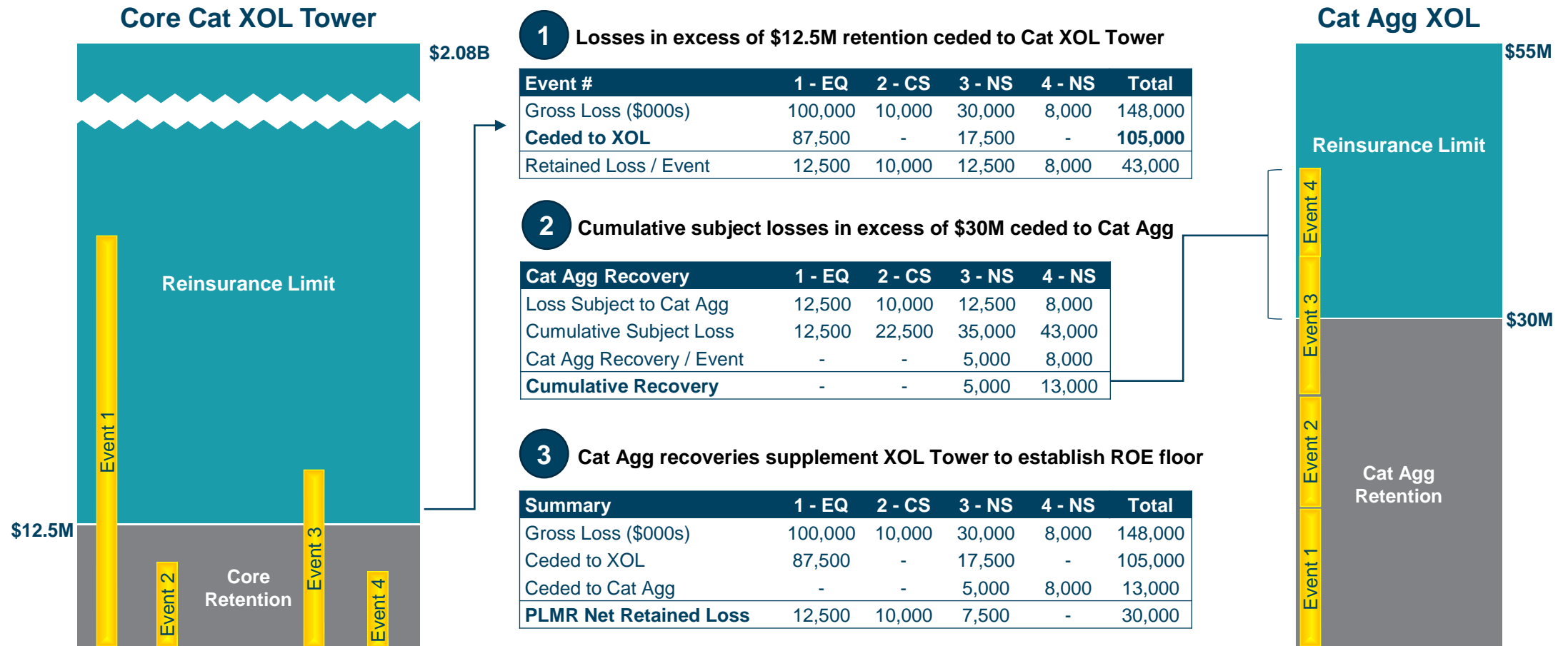
- Highly diversified and robust reinsurance panel with over 100 highly rated reinsurers and catastrophe bond investors
- Reinsurance partners either have an “A-” or better A.M. Best and/or S&P rating or post collateral
 - Over 94% of reinsurance limit is rated “A” or better
- Reinsurance contract enables the replacement of reinsurers that are downgraded or experience a 20% decline in Stockholders’ Equity

Reinsurance Panel as of June 1, 2022			
		<u>Catastrophe XOL Limit</u>	
Top 10 Reinsurance Partners	(\$M)	% of Total	A.M. Best Rating
Torrey Pines Re Pte ¹	400	19.9	Collateralized
Torrey Pines Re ²	275	13.7	Collateralized
Houston Casualty Company	103	5.1	A++
Ariel Re Bda Limited obo Syndicate 1910	69	3.4	A
MS Amlin AG	57	2.9	A
Elementum Re Ltd. obo Allianz Risk Transfer AG	50	2.5	A+
Lancashire Insurance Company, Ltd.	50	2.5	A
Lloyd's # 1947 – GIC Re	45	2.2	A
Lloyd's # 1301 – Inigo Insurance	43	2.1	A
Vermeer Reinsurance, Ltd.	38	1.9	A

47 1. \$400 million Torrey Pines Re Pte., issued March 2021, is scheduled to mature June 2024
 2. \$275 million Torrey Pines Re, issued May 2022, is scheduled to mature June 2025

Catastrophe Aggregate Recovery Example

- \$25 million of 'sideways' reinsurance protection once cumulative net retained losses exceed \$30 million
- Treaty subject to \$12.5 million per event limit, aligned with occurrence tower retention | attaches on a 3rd+ event basis



Earthquake Loss Example

- \$100 million Gross Loss
 - \$87.5 million ceded to Core XOL Tower
 - \$12.5 million retained
- Reinstatement Premium Due: \$1.4 million¹
- Pre-tax loss = \$13.9 million
- Post-tax loss = \$10.8 million
- ROE drops from 19% to 17%

Event #1 – Earthquake	(\$000s)
Gross Loss	100,000
Ceded to XOL	<u>(87,500)</u>
Loss Net of XOL	12,500
Reinstatement Premium	<u>1,400</u>
Pre-tax Net Loss	13,900
Post-tax Net Loss	10,842
ROE %	17%

Convective Storm Loss Example

- \$10 million Gross Loss fully retained
- Pre-tax loss = \$10 million
- Post-tax loss = \$7.8 million
- ROE drops from 19% to 18%¹

Event #2 – Convective Storm(“CS”)	(\$000s)
Gross Loss	10,000
Ceded to XOL	-
Loss Net of XOL	10,000
Reinstatement Premium	-
Pre-tax Net Loss	10,000
Post-tax Net Loss	7,800
ROE %	18%

Hawaii Hurricane Loss Example

- \$30 million Gross Loss
 - \$17.5 million ceded to Core XOL Tower
 - \$12.5 million retained
- Reinstatement Premium Due: \$3.1 million¹
- Pre-tax loss = \$15.6 million
- Post-tax loss = \$12.2 million
- ROE drops from 19% to 17%²

Event #3 – Hawaii Hurricane	(\$000s)
Gross Loss	30,000
Ceded to XOL	<u>(17,500)</u>
Loss Net of XOL	12,500
Reinstatement Premium	<u>3,081</u>
Pre-tax Net Loss	15,581
Post-tax Net Loss	12,153
ROE %	17%

Earthquake, CS and HI Hurricane Loss Example

- Catastrophe aggregate protection activates once cumulative subject losses exceed \$30 million¹
- \$5 million Cat Agg recovery supplements XOL recoveries to limit an accumulation of retained losses
- Pre-tax financial impact of \$34.5 million
- Post-tax impact of \$26.9 million

ROE floor of approximately 14%

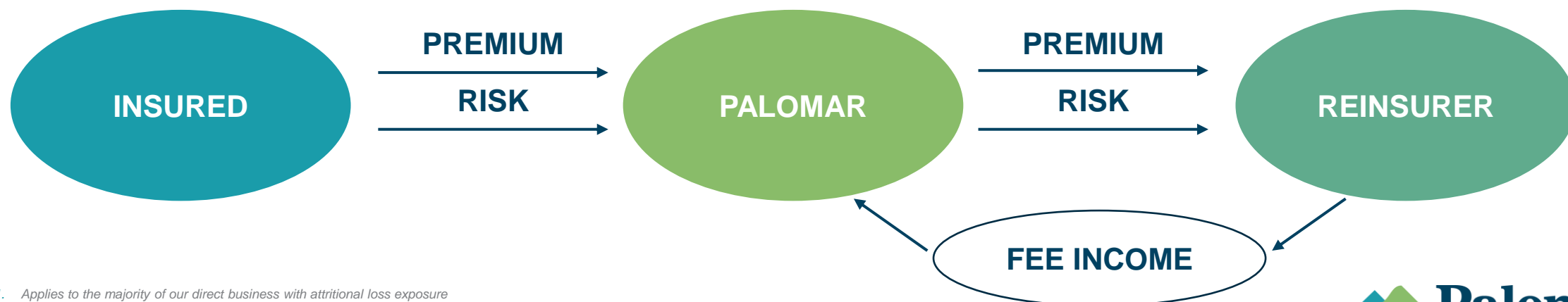
- ROE would drop below 14% floor without protection afforded by the catastrophe aggregate XOL coverage

Events #1-3 Combined	(\$000s)
Gross Loss	140,000
Ceded to XOL	<u>(105,000)</u>
Loss Net of XOL	35,000
Ceded to Cat Agg	<u>(5,000)</u>
Loss Net of Reinsurance	30,000
Reinstatement Premium	<u>4,481</u>
Pre-tax Net Loss	34,481
Post-tax Net Loss	26,895
ROE % excluding Cat Agg	13%
ROE % inclusive of Cat Agg	14%

Quota Share Reinsurance

- Quota share reinsurance utilized to mitigate volatility from unexpected attritional losses
- Reduce the net limit exposed to any given risk
- Augment underwriting income with fee income generated through ceding commissions

Quota Share Attributes	PROPERTY	CASUALTY
Current PLMR Retention ¹	15-70%	23-50%
PLMR Gross Limit Exposed	\$5-20M	\$1-5M
PLMR Net Limit Exposed ²	\$1.0-3.4M	\$0.3-2.0M
PLMR Fee Income ³	4-6%	4-8%



53

1. Applies to the majority of our direct business with attritional loss exposure
2. Binary lines are excluded from the gross and net line exposed
3. Fee Income is defined as override received by Palomar from reinsurers in excess of the cost of acquisition

Actuarial Overview

RESPONSIBLE FOR ESTABLISHING, MAINTAINING AND LAUNCHING UNDERWRITING AND PRODUCT DEVELOPMENT

EXPERTISE

- Ethan Genteman – Senior Vice President, 10+ Years, FCAS MAAA, Fellow of the Casualty Actuarial Society (CAS)
- Ben Markowski – Assistant Vice President, 9+ Years, FCAS, Fellow of the Casualty Actuarial Society (CAS)

RESERVING PHILOSOPHY

- Incorporate feedback from in-house experts ranging from claims, underwriting and senior management
- Streamline and implement liability analysis via models that implement actuarial standards of practice
- Analyze different loss types to fully recognize company specific seasonality, demand surge and trends

PROPERTY

- Frequency/Severity tracking for real-time decision-making capability
- Establish plan loss ratios and as-if storm scenarios supported by historical data and quantification of UW initiatives
- Monitor profitability of on-going segments
- Performance relative to margin targets guides decisions to enter or exit market segments

CASUALTY

- Risk-adjusted rate monitoring on bespoke exposures
- New product support through filings, rating tools and pricing
- Support the review and evaluation of new business opportunities
- Design and advise on data capture and analysis to ensure the ability to make data-driven decisions

Exposure and Catastrophe Analytics

EXPERTISE

- Jon Knutzen – Chief Risk Officer, 25+ Years
- Eric Hennen – Senior Vice President of Analytics, 15+ Years
- George Dobrev – Senior Vice President of Analytics, 15+ Years

PROCESS

- Employ internally developed applications for the evaluation of portfolio KPIs such as PML, AAL, PML to Premium and AAL to Premium to track progress toward target metrics
- Proprietary exposure management platform integrates detailed exposure data with modeled loss output from catastrophe models such as AIR Touchstone and RMS RiskLink and a dynamic simulation-based reinsurance model
- Exposure is also monitored using geospatial and visual analytics applications including SpatialKey and Tableau
- Monthly analyses quantify exposure to catastrophes including earthquakes, hurricanes, flood and severe convective storms

APPROACH

- Data Quality
- Conservative View of Risk
- Multiple model view to protect against bias
- Consider deterministic loss scenarios in addition to modeled losses to stress test reinsurance program

CURRENT INITIATIVES

- Inflation initiatives: enhancing insurance to value assessments and validation processes
- Integrating new lines of business into exposure management platform and expanding the data science capabilities
- Working with underwriting to improve risk profile, enhance expected margin, identify strategies to reduce volatility

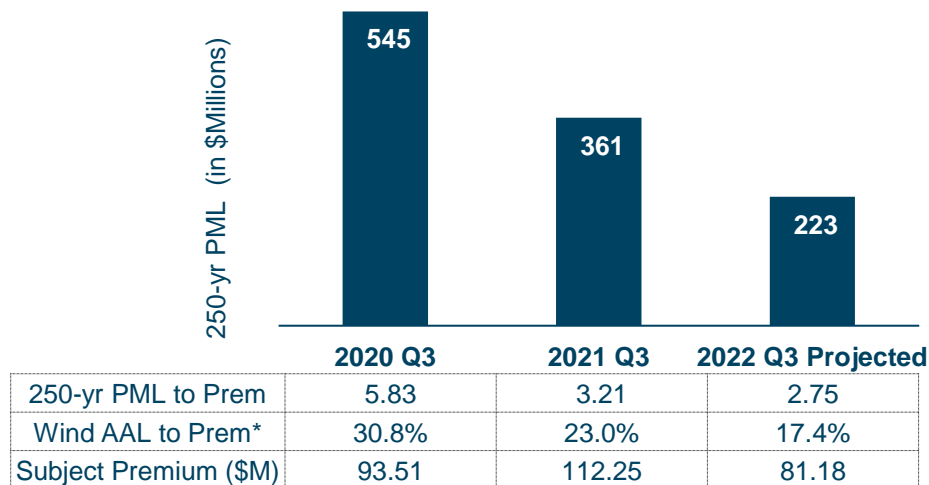
Case Study: Wind Exposure Management

ACTIONS TO IMPROVE EXPECTED PROFITABILITY AND REDUCE VOLATILITY FROM CONTINENTAL US WIND EXPOSURE

- Exited Admitted Commercial All Risk and Specialty Homeowners in Louisiana during 2020; run-off completed in December 2021
- Announced the exit of Specialty Homeowners business outside of the state of Texas in Q1 2022 and the conversion of Texas Homeowners to a Fronted Program effective June 1, 2022 to further reduce continental hurricane and convective storm exposure

CONTINENTAL US HURRICANE METRICS

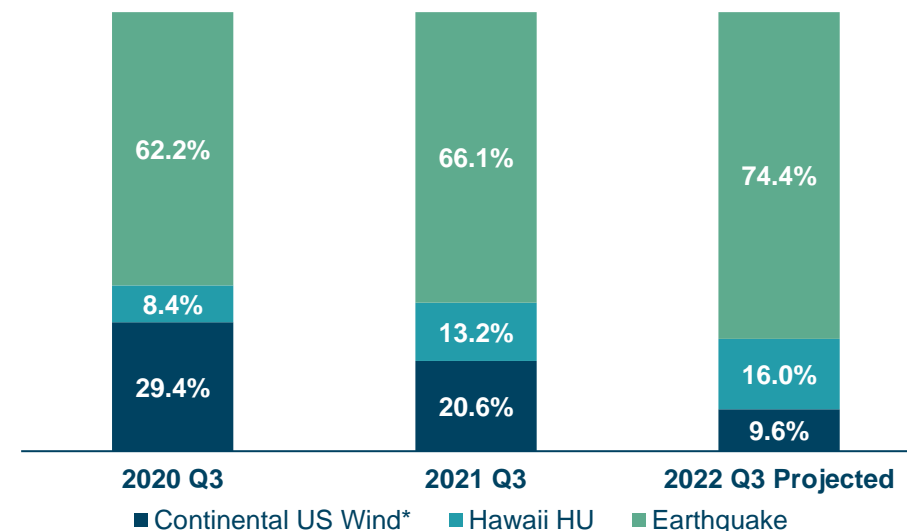
Continental US HU Gross 250-yr PML



* Wind AAL = Average Annual Loss from hurricanes and severe convective storms gross of reinsurance; our estimated net retained AAL from hurricanes and severe convective storms at September 30, 2022 is ~\$6 million

MODELED CAT LOSS COMPOSITION

Composition of Ceded AAL: Losses in excess of \$12.5M



* Continental US Wind = Ceded Average Annual Loss from hurricanes and severe convective storms

Operations And Technology

Technology Operations

EXPERTISE

- Mark Brose – Chief Technology Officer, 25+ Years
- Greg Tupper – Chief Information Security Officer, 25+ Years

PROCESS

- Scalable platform reduces operating costs and improves efficiency
- Ability to rapidly quote and bind policies
- Technology systems built for automation and efficiency
- Integration between pricing models, policy administration and analytics
- Real-time event reporting and data delivery

APPROACH

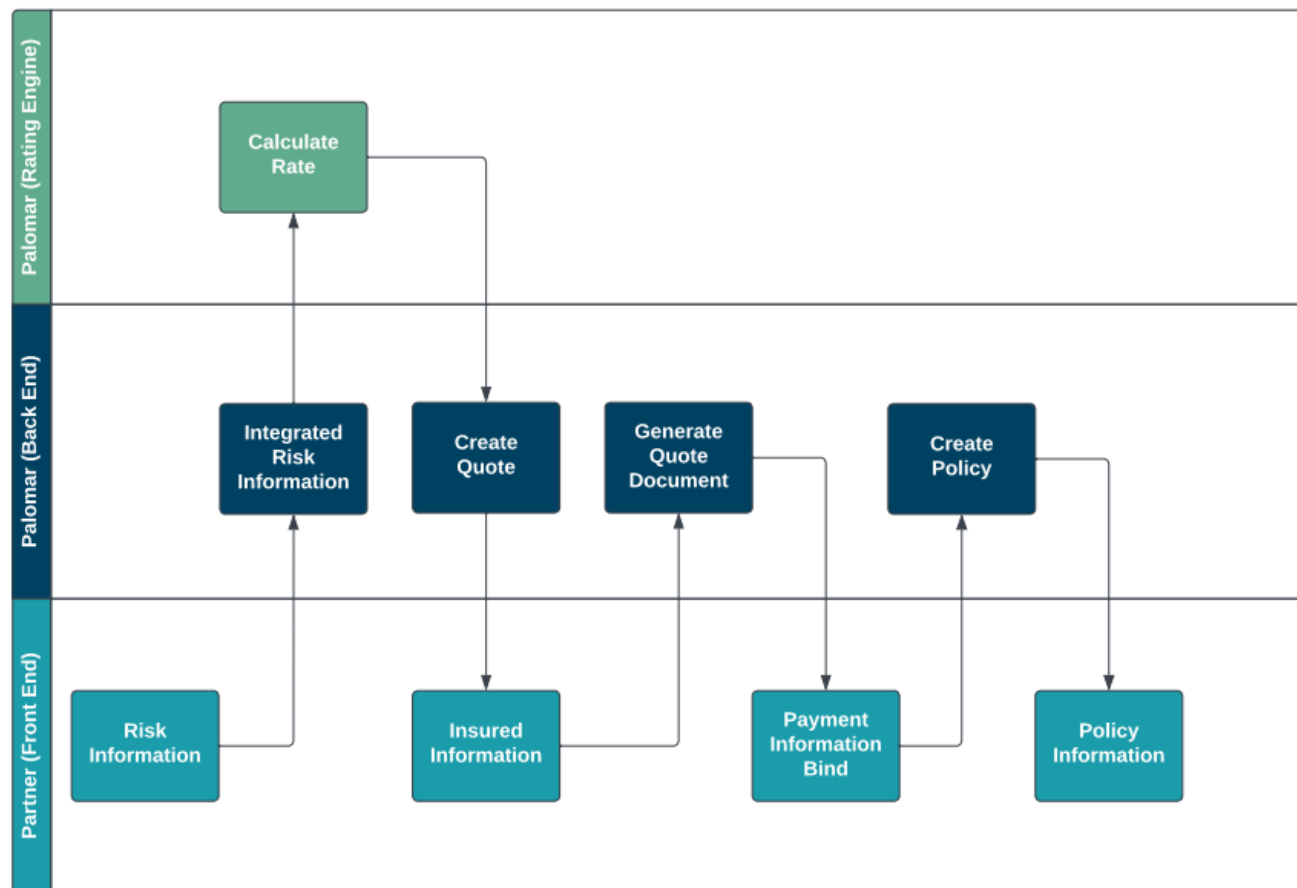
- Better service to policyholders and producers
- API development for partners
- No burden of legacy IT systems
- Technology platform utilized to drive competitive advantage

CURRENT INITIATIVES

- Ongoing development of systems to support new product lines
- Delivery of producer-targeted enhancements to support customer satisfaction
- Behind-the-scenes infrastructure evolution to facilitate operational scale
- Continued strengthening of cyber posture

Technology at the Point of Sale

THE BROWSER-BASED PALOMAR AUTOMATED SUBMISSION SYSTEM (“PASS”) ACTS AS THE INTERFACE WITH RETAIL AGENTS AND WHOLESALE BROKERS



- PASS, the policy administration system integrates submission gathering, policy issuance, underwriting, billing and portfolio analytics
- Enables the effective use of predefined underwriting guidelines
- Provides efficient real-time transparency to production partners
- Dedicated team currently building APIs to integrate PASS into the point-of-sale systems of partner carriers and distribution partners
- For certain residential products, agents can quote, bind and issue policies within minutes

Case Study: Underwriting & Product

INNOVATIVE ANALYTICS AND TECHNOLOGY HELP DEVELOP PRODUCTS AND ADVANCE UNDERWRITING CAPABILITIES

Residential Earthquake

- Advanced modeling on the RMS platform to develop admitted rates for Residential Earthquake, a driver of market-leading margin for the business
- E&S Residential Earthquake uses a proprietary algorithm that contemplates catastrophe model marginal impact and costs of risk transfer

Residential Flood

- Developed a variable resolution grid that afforded 23 million unique rating territories in the state of California | Grid expanded into 14 additional admitted states
- Integrating with data analytics firms to further refine underwriting granularity and exposure management. As agents quote within PASS, exposure and model detail are passed behind the scenes via API

Excess Property

- The underwriting platform integrates with third party modeling vendors to empower underwriters to select risks that are accretive to the overall portfolio, thereby maintaining or improving reinsurance costs

Palomar UNDERWRITING

Search... [CC]

Residential Flood . Residential Flood

Actions

Policyholder:

1. Location Information 2. Coverage And Rating 3. Insured Information 4. Additional Interest/Mortgagee 5. Documents 6. Payment And Binding

Property Location **Geographic Location**

Address * 100 Anonymous Avenue Territory Id 6966256 Override Geolocation

Address line 2 Description Flood Zone AE

City Horsham State PA Zip * 19044

✓ Valid address

Longitude XXXXXX Latitude YYYYYY

Property Details

Dwelling Replacement Value 750000

Foundation Type * Basement Number of stories * 2+

Construction type * Wood Frame

Cancel

google.com/maps/place/

100 Anonymous Avenue
Horsham, PA 19044
Building

Advanced Electrical Contractors

Map data ©2022 200 ft

United States

Terms Privacy Send feedback

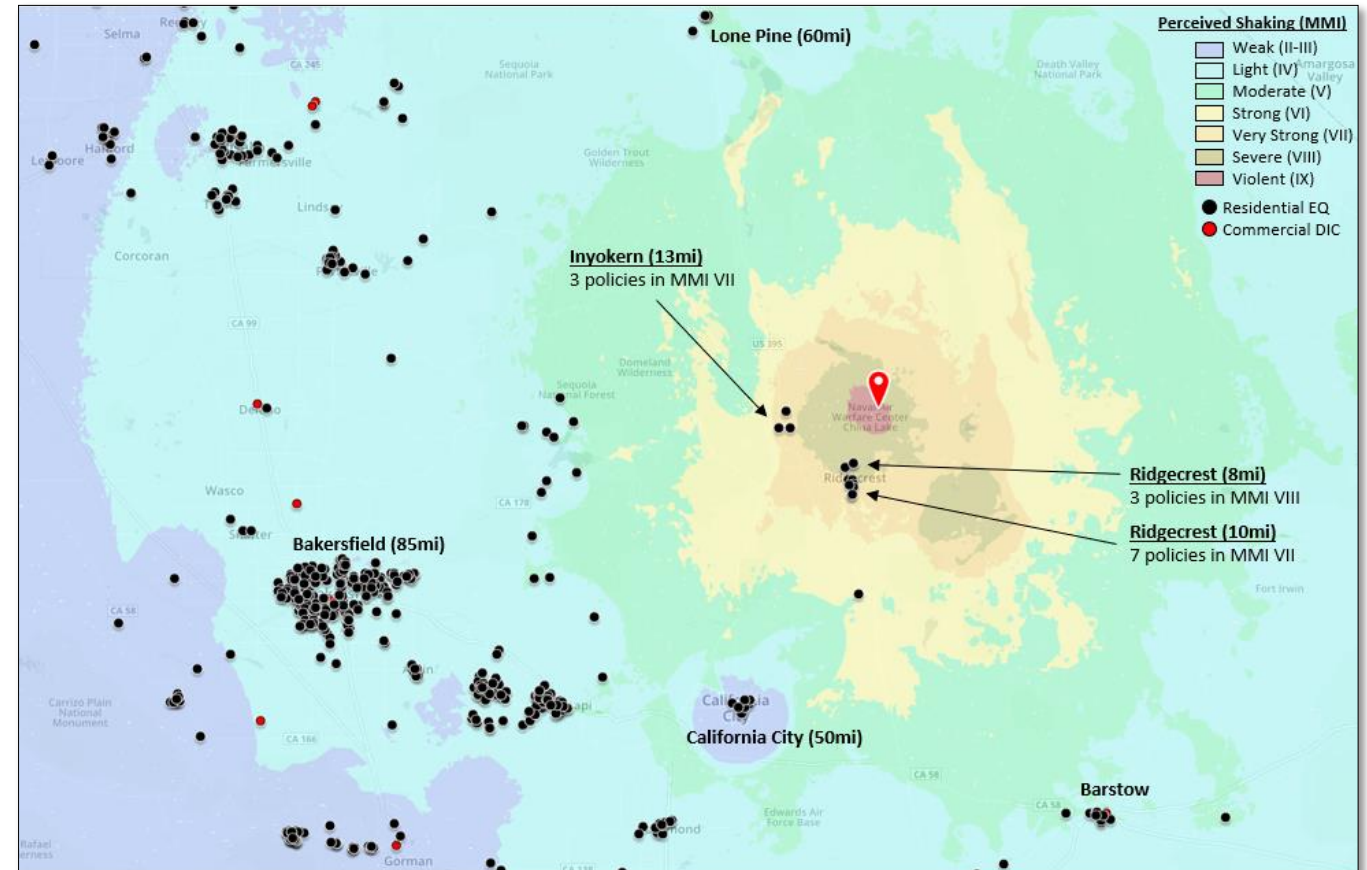
Directions Save Nearby Send to phone Share

Continue

Case Study: Disaster Response

Ridgecrest Earthquake Magnitude 7.1 July 5, 2019

- Rigorous, analytical focus on real-time dissemination of Event Reports to internal and external constituents
- Real-time event reports shape the posture of the organization's response in the critical early moments in and around an event
- Reporting is shared with the appropriate internal stakeholders, TPAs, rating agencies and reinsurance providers
- Hurricane event reporting initiates when the Cone of Uncertainty envelopes a geographic area that contains Palomar insureds
- Earthquake event reporting initiates immediately following a material shake, with detailed reporting typically within 24 hours



Claims Operations

EXPERTISE

- Angela Grant – Chief Legal Officer, 30+ Years
- Teresa Urban – Vice President of Claims, 25+ Years
- Jeff Lim – Associate General Counsel, 25+ Years

EXTERNAL CLAIMS HANDLING

- Claims handling is outsourced to third parties to optimize costs given the low frequency nature of insured risks
- Contract with multiple third-party administrators ("TPAs") to reduce reliance on any single TPA and to benefit from expertise of individual vendors in specific lines of business

INTERNAL CLAIMS MANAGEMENT

- Vice President of Claims is responsible for TPA oversight, which includes:
 - Management of loss reserves, pending reviews, catastrophe event preparation, negotiation and settlement
- Files audited to ensure timely TPA reporting, accurate loss reserves, compliance and excellent service levels

REPORTING PROCESS

- Managerial requirements for TPAs include first notice of loss ("FNOL"), reserve and payment approvals, pending management, correspondence with insureds and regular reporting on all large loss claims
- Claims are reported directly to internal team and the applicable TPA
- Use of cloud-based reporting creates efficient monitoring and management of open claims

MANAGING CATASTROPHE EVENTS

- Technology infrastructure and data analytics enable swift identification of potentially impacted policies, assistance for customers through notifying TPAs and the mobilization of claims adjusters and appraisers
- Perform simulations and work closely with TPAs to prepare for catastrophe events and ensure there are dedicated desk and field adjusters to handle the expected volume of claims
- Insulates from "demand surge" following a catastrophe event

Q&A

Break

Commitment To ESG

Commitment To ESG

OVERVIEW

- Commitment to Environmental, Social and Governance (“ESG”) matters are fundamental to the business strategy and mission
- Values-driven workplace that integrates ESG considerations into strategy, operations, capital allocation and investment decisions
- Continue to take steps to reduce overall carbon footprint

ESG PRIORITIES

1

ENVIRONMENTAL



Climate Strategy



Disaster Preparedness & Response

2

SOCIAL



Human Capital Management



Safety & Health



Human Rights



Diversity & Inclusion



Community & Team Member Well-being

3

GOVERNANCE



Investment Management



Data Privacy & Cybersecurity



Governance Practices

TRANSPARENCY

Reporting Aligned with Following Frameworks

TCFD

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



As Asset Owners, Public Commitments / Signatories to Responsible Investment Initiatives



PRI Principles for Responsible Investment

United Nations Global Compact






Access the ESG Portal and 2022 Sustainability & Citizenship Report Here: <https://plmr.com/esg/>

Environmental Priorities




TOPIC	APPROACH	SELECT HIGHLIGHTS
 <p>Climate Strategy</p>	<ul style="list-style-type: none">Assess climate change-related risks, opportunities and potential impacts on business	<ul style="list-style-type: none">Pledged to conduct first third-party assessment of the business' carbon footprint in 2022Assessed climate-related risks and opportunities by aligning with the recommendations of the Task Force Climate-Related Financial Disclosures ("TCFD")
 <p>Disaster Preparedness & Response</p>	<ul style="list-style-type: none">Provide sustainable solutions that help to enable resilient communitiesProactively manage the business to ensure the financial security and support each customer needs when a natural disaster occurs	<ul style="list-style-type: none">Climate change-related products and services enable existing and prospective customers to better understand and manage their exposure to climate risks

AS LEADERS IN RISK MANAGEMENT SOLUTIONS FOR EARTHQUAKES, HURRICANES AND OTHER CATASTROPHES, WE SEE FIRSHTHAND THE IMPACT OF CLIMATE CHANGE ON THE LIVES OF AMERICANS

Social Priorities

TOPIC	APPROACH	SELECT HIGHLIGHTS
 <p>Human Capital Management</p>	<ul style="list-style-type: none"> Striving to create a diverse, inclusive and supportive workplace with opportunities for each team member to develop in their careers helps to attract and retain talent 	<ul style="list-style-type: none"> Offering fair, competitive compensation and benefits to support our team members overall well-being
 <p>Diversity & Inclusion (“D&I”)</p>	<ul style="list-style-type: none"> Employee-led DICE Council (Diversity, Inclusion, Community Engagement, and Equality), leads efforts that advise leadership on initiatives and best practices relating to diversity and inclusion D&I yields greater organizational creativity and productivity, helping better serve customers and partners 	<ul style="list-style-type: none"> Disclosing workforce diversity statistics for gender and ethnicity for new hires, total workforce and leadership Launched an initiative to measure and improve the diversity of our suppliers Board diversity and independence; 86% are independent of management and 71% are women or members of underrepresented communities
 <p>Safety & Health</p>	<ul style="list-style-type: none"> Committed to promoting a safe, health and productive work environment Make continuous improvements by regularly assessing health and safety risks arising from business activities 	<ul style="list-style-type: none"> Implemented hybrid work environment with established protocols to ensure operational reliability and employee safety
 <p>Community & Team Member Well-being</p>	<ul style="list-style-type: none"> Provide comprehensive and leading benefits for all team members to ensure access to health and wellness programs Promote a culture of civil engagement and partner with organizations to drive action and positive change within our communities 	<ul style="list-style-type: none"> Continue to maintain minority depository institution (“MDI”) commitment Launched Palomar Protects™ with Team Rubicon engagement
 <p>Human Rights</p>	<ul style="list-style-type: none"> Committed to human and labor rights principles outlined in standards like the United Nations “Universal Declaration of Human Rights” Policies and trainings in place to identify and prevent discrimination bullying, harassment and other forms of workplace behavior 	<ul style="list-style-type: none"> Formal Human Right Statement in place Signatory of the United Nations Global Compact

Governance Priorities

TOPIC	APPROACH	SELECT HIGHLIGHT
 <p data-bbox="221 586 382 644">Governance Practices</p>	<ul data-bbox="588 411 1485 701" style="list-style-type: none"> • Standalone ESG committee oversees environmental, health and safety, corporate social responsibility, corporate governance, sustainability and other public policy matters relevant to the Company • President and Chief Risk Officer oversee enterprise risk management policies and practices, including climate-related risk • Chief Strategy Officer, Chief Legal Officer and Chief Talent & Diversity officer oversee ESG topics in their respective areas 	<ul data-bbox="1556 379 2423 729" style="list-style-type: none"> • Published new Sustainability and Citizenship Report aligned with TCFD and Sustainability Accounting Standards Board ("SASB") • Approved the adoption of declassifying our Board of Directors and annual election of directors via 5-year sunset provision • Approved the removal of the supermajority requirement for certain amendments via 5-year sunset provision • Launched Enterprise Risk Management Sub-Committee with Board and executive oversight
 <p data-bbox="214 901 389 958">Investment Management</p>	<ul data-bbox="588 772 1485 965" style="list-style-type: none"> • Our investment committee thoroughly reviews the ESG implications of investment decisions • At least quarterly, senior management reviews entire investment portfolio; ESG considerations are a primary component of the overall credit review of the individual holdings 	<ul data-bbox="1556 772 2384 965" style="list-style-type: none"> • Allocating 1% of investment portfolio into climate or green bonds • Signatory of the UN Principles for Responsible Investment • Signatory of the Principles for Sustainable Insurance • Formal responsible investment policy
 <p data-bbox="206 1143 397 1200">Data Privacy & Cybersecurity</p>	<ul data-bbox="588 1022 1485 1179" style="list-style-type: none"> • Created a multi-layered security posture leveraging people, processes and technology • Maintain safeguards designed to help prevent unauthorized use, access and disclosure of personal information 	<ul data-bbox="1556 1086 2262 1115" style="list-style-type: none"> • Formal cybersecurity and data privacy policies in place

PALOMAR CONTINUES TO PROACTIVELY MANAGE ESG RISKS TO PROVIDE THE FINANCIAL SECURITY AND SUPPORT THAT OUR CUSTOMERS EXPECT WHEN A NATURAL DISASTER OCCURS

Palomar Protects™

- Entered a new partnership with Team Rubicon during 2021, a veteran-led nonprofit organization devoted to international disaster response
- Team Rubicon deploys in the immediate aftermath of an event, before government aid reaches the affected community
- Palomar team members will volunteer for front-line duty as part of Team Rubicon's 'grayshirt' initiative
- As natural disasters grow in intensity and frequency, Palomar Protects will help strengthen the resilience of the communities affected



Path To 2X - Financials

Palomar Financials – The Path To 2X

Strategic Objectives:

- Illustrative view of how our premium contributes to the bottom line
- What is Palomar 2X?
- What Palomar may look like at 2X, an illustrative “what if” – with our current products
- Capital adequacy to facilitate Palomar 2X
- Review Guidance

Highlights and Takeaways:

- We believe we can achieve Palomar 2X organically with our current product suite and will share:
 - An illustrative case study demonstrating how different lines of business impact financial metrics and overall results
 - What we mean when we say Binary, Fee, and Underwriting income
 - Sufficient capital base to facilitate long term growth

Financials – Illustration Definitions

Binary Products

- Residential Earthquake, Commercial Earthquake, Hawaii Hurricane
- High margin business with potential for larger events
- Does not cover attritional losses, typical loss ratio is zero
- XOL reinsurance is purchased to cover large catastrophic events
- Ceded XOL distorts the combined ratio

Fee and Underwriting Income

- Property business includes Inland Marine Builders Risk, Excess Property, Commercial All Risk and Flood.
- Non-property business without catastrophe exposure but with attritional loss exposure includes General Casualty, Professional Liability and other selected lines.
- Historically this also included Specialty Homeowners
- XOL reinsurance is required for property business to cover potential large catastrophic events, even though exposure is limited
- Quota share reinsurance primarily covers proportional attritional exposure and generates fee income without volatility
- Attritional losses are shared proportionally with quota share reinsurers

Fronting Fee Income

- Includes the new fronting lines as well as Texas Specialty Homeowners (in 2X illustrative example)
- XOL reinsurance coverage is not required
- Quota share reinsurance transfers all loss exposure and generates fee income without volatility
- Attritional losses are shared proportionally with quota share reinsurers

Underlying concepts presented in the financial statements

1. Ceded Premium

- Made up of quota share and XOL reinsurance
 - Generally, quota share reinsurance is used as protection on attritional lines and generates a ceding commission that covers acquisition costs plus an override margin
 - Generally, XOL reinsurance protects against large catastrophic losses with an underlying retention to the Company. XOL also includes the Aggregate reinsurance expense that protects the business from multiple large events

2. Acquisition Expense

- Made up of the amount paid to producers to generate the business offset by the ceding commission received from quota share reinsurers

3. Losses

- Made up of the gross losses from claims offset by the losses ceded to reinsurers

4. Underwriting Income Before Overhead

- Sum of 1, 2 and 3
- Internally defined as Underwriting Income before Other Underwriting Expenses (“OUE”). This allows for underwriting contribution margin before internal operating expenses to be analyzed for each product

Financials – 2021 Illustrative Example

****The information contained herein is provided for illustrative and discussion purposes only****

- This is an illustrative reconstitution of 2021 written premium showing some internal concepts used when looking at existing and new lines of business
- The rows highlighted in light blue and the Total column represent the information disclosed in typical financials and ratios are based on net premium and gross premium
- 2021 Palomar written premium of \$535 million at scale, assuming all premium is earned, with Underwriting Income before Overhead of \$110 million
- Binary Income** represents lines only subject to catastrophes including Earthquake and Hawaii Hurricane.
 - represents 56% of the premium and \$100 million of Underwriting Income before Overhead and has no attritional losses
- Fee Income, including Fronting**, represents portions of the business where underwriting risk has been converted into fee income through risk transfer. This is seen within Inland Marine, Casualty, Fronting and other lines.
 - represents 22% of the premium and \$5 million of Underwriting Income before Overhead and has no attritional losses or catastrophe exposure
- Underwriting Income** represents portions of the business where risk is taken from an attritional loss standpoint. This includes retained portions of Inland Marine, Casualty, Flood and other lines.
 - represents 22% of the premium and \$6 million of Underwriting Income before Overhead and has a 57% attritional loss ratio (net)
- \$110 million of total Underwriting Income before Overhead and a loss ratio that is confined by the fact that 78% of premium is not exposed to attritional losses**
- The path to Palomar 2X starts with doubling Underwriting Income before Overhead

	Total	Binary Income	Fee Income		UW Income
			Fronting	UW	
Gross Premium	535	300	10	107	118
Ceded Premium - QS	(117)	0	(10)	(107)	0
Ceded Premium - XOL	(146)	(120)	0	0	(26)
Net Premium	272	180	0	0	92
Losses	(97)	0	(5)	(40)	(52)
Ceded Losses	45	0	5	40	0
Losses and LAE (net)	(52)	0	0	0	(52)
Acquisition Expense	(145)	(81)	(3)	(28)	(33)
Ceded Acquisition Expense	36	0	3	33	0
Acquisition Exp (net)	(109)	(81)	1	4	(33)
Underwriting Income Before OH	110	100	1	4	6

<i>Net Premium Ratio</i>	51%	60%	0%	0%	78%
<i>Loss Ratio</i>	19%	0%	-	-	57%
<i>Acquisition Expense Ratio</i>	40%	45%	-	-	37%
<i>Combined Ratio Before OH</i>	60%	45%	-	-	94%

Ratios on Gross Premium					
<i>Ceded Premium Ratio</i>	49%	40%	100%	100%	22%
<i>Loss Ratio</i>	10%	0%	0%	0%	45%
<i>Acquisition Expense Ratio</i>	20%	27%	-5%	-4%	28%
<i>Combined Ratio Before OH</i>	79%	67%	95%	96%	95%

Palomar 2X Illustrative Example

****The information contained herein is provided for illustrative and discussion purposes only****

- **PALOMAR 2X Aims to:**
 - Double Underwriting Income, starting with Underwriting Income Before Overhead
 - Operating scale from Other Underwriting Expenses will further enhance Underwriting Income growth
 - This target is achievable organically with current products and assumes a consistent approach to risk transfer (excluding Specialty Homeowners)
- **Binary Income** represents 43% of premium and \$180 million of Underwriting Income before Overhead and has no attritional losses
- **Fee Income, including Fronting**, represents 43% of premium and \$26 million of Underwriting Income Before OH and has no attritional losses or catastrophe exposure
- **Underwriting Income** represents 14% of premium, \$14 million of Underwriting Income before Overhead and has a 57% attritional loss ratio (net), 47% gross
 - Performance of individual products does not have a dramatic impact on overall results
- **\$220 million of Total Underwriting Income before Overhead and a loss ratio that is confined by the fact that 86% of the premium is not exposed to attritional losses**
- **Available Levers:**
 - Modify participation on Binary, Fronting and/or Underwriting business
- **Capital Requirements and ROE**
 - Net Premium: Capital target ratios of 1.0x for Binary and 1.5x for all other premium
 - \$452 million in illustrative net premium requires \$408 million of capital, close to current levels
 - Growth in our capital base provides the flexibility to increase our risk participation over time
 - We believe we can achieve adjusted ROE in excess of 20% on the path to Palomar 2X

	Total	Binary Income	Fee Income Fronting	UW	UW Income
Gross Premium	1,195	515	260	258	162
Ceded Premium - QS	(518)	0	(260)	(258)	0
Ceded Premium - XOL	(226)	(196)	0	0	(29)
Net Premium	452	319	0	0	133
Losses	(311)	0	(121)	(115)	(76)
Ceded Losses	236	0	121	115	0
Losses and LAE (net)	(76)	0	0	0	(76)
Acquisition Expense	(311)	(138)	(66)	(63)	(43)
Ceded Acquisition Expense	155	0	79	76	0
Acquisition Exp (net)	(156)	(138)	13	13	(43)
Underwriting Income Before OH	220	180	13	13	14

<i>Net Premium Ratio</i>	38%	62%	0%	0%	82%
<i>Loss Ratio</i>	17%	0%	-	-	57%
<i>Acquisition Expense Ratio</i>	34%	43%	-	-	32%
<i>Combined Ratio Before OH</i>	51%	43%	-	-	89%

Ratios on Gross Premium					
<i>Ceded Premium Ratio</i>	62%	38%	100%	100%	18%
<i>Loss Ratio</i>	6%	0%	0%	0%	47%
<i>Acquisition Expense Ratio</i>	13%	27%	-5%	-5%	26%
<i>Combined Ratio Before OH</i>	82%	65%	95%	95%	91%

2022 Guidance

FULL YEAR 2022 CURRENT OUTLOOK	
Adjusted net income	\$80 to \$85 million

- Revised guidance assumption, guidance excludes unrealized gains and losses from mark-to-market fluctuations
- Guidance reflects the conversion of the Texas Specialty Homeowners book to a front, reducing overall catastrophe exposure
- Guidance assumes no losses from a major catastrophe
- Guidance reflects the updated reinsurance completed at the 6/1/2022 reinsurance renewal
- Adjusted net income growth of 54% at the midpoint of the guidance range
- Full year adjusted ROE of approximately 19% at the midpoint of the guidance range
- Full year adjusted ROE floor of approximately 14% with renewed aggregate program effective 4/1/2022
- Continental U.S. wind projected net average annual loss of approximately \$6 million at 9/30/2022

Closing Remarks

Closing Remarks

WE ARE HIGHLY CONFIDENT IN OUR ABILITY TO EXECUTE ON THE PLMR 2X STRATEGIC PLAN

Highlights and Takeaways:

- Significant runway for organic growth
- A proven, flexible operational model that applies to new market segments and products
- Continuous innovation in underwriting helps us identify new opportunities and products
- A conservative approach to risk transfer minimizes losses and enhances profitability
- Best in class approach to talent attraction and retention
- A reputation as a partner of choice for industry leaders

Q&A

Appendix

Distribution: Strategic Partnerships

EIGHT YEARS OF PARTNERSHIPS CONTINUE WITH THE MOST DIVERSE PIPELINE IN THE COMPANY'S HISTORY



Reconciliation Of Non-GAAP Metrics Used In This Presentation

In Thousands	Year Ended December 31					
	2016	2017	2018	2019	2020	2021
Net Income	<u>\$ 6,614</u>	<u>\$ 3,783</u>	<u>\$ 18,219</u>	<u>\$ 10,621</u>	<u>\$ 6,257</u>	<u>\$ 45,847</u>
Adjustments						
Expenses Associated with IPO, tax restructuring, secondary offerings and one-time incentive cash bonuses	-	-	1,110	3,007	708	563
Stock-based compensation expense	-	-	-	24,103	2,167	5,584
Expenses associated with retirement of debt	-	-	495	1,297	-	1,251
Expense associated with catastrophe bonds	-	-	-	-	399	1,704
Tax impact	-	-	-	(1,149)	(664)	(1,506)
Adjusted Net Income	\$ 6,614	\$ 3,783	\$ 19,824	\$ 37,879	\$ 8,867	\$ 53,443

Non-GAAP Metric Definitions Used In This Presentation

Adjusted Net Income is a non-GAAP financial measure defined as net income excluding the impact of certain items that may not be indicative of underlying business trends, operating results, or future outlook, net of tax impact. We calculate the tax impact only on adjustments which would be included in calculating our income tax expense using the estimated tax rate at which the company received a deduction for these adjustments. See “Reconciliation of Non-GAAP Metrics used in this presentation” for a reconciliation of historic net income calculated in accordance with GAAP to historic adjusted net income.

Adjusted ROE is a non-GAAP financial measure defined as adjusted net income expressed on an annualized basis as a percentage of average beginning and ending stockholders’ equity during the period. As we are providing this metric on a prospective basis only in this presentation, we are unable to provide a reconciliation to the unadjusted GAAP measure. Within our periodic SEC filings, we provide a reconciliation of return on equity calculated using unadjusted GAAP numbers to adjusted return on equity.

Underwriting Income is a non-GAAP financial measure defined as income before income taxes excluding net investment income, net realized and unrealized gains and losses on investments and interest expense. As we are providing this metric on a prospective basis only in this presentation, we are unable to provide a reconciliation to the unadjusted GAAP measure. Within our periodic SEC filings, we provide a reconciliation of income before income taxes calculated in accordance with GAAP to underwriting income.