



Investor Presentation

June 2023

Disclaimer

This presentation contains forward-looking statements about Palomar Holdings, Inc. (the “Company”). These statements involve known and unknown risks that relate to the Company’s future events or future financial performance and the actual results could differ materially from those discussed in this presentation. This presentation also includes financial measures which are not prepared in accordance with generally accepted accounting principles (“GAAP”). For a description of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please see the appendix to this present.

Forward-looking statements generally relate to future events or the Company’s future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may”, “will”, “should”, “expects”, “plans”, “anticipates”, “could”, “intends”, “target”, “projects”, “contemplates”, “believes”, “estimates”, “predicts”, “would”, “potential” or “continue” or the negative of these words or other similar terms or expressions that concern the Company’s expectations, strategy, plans or intentions. These forward-looking statements include, among others, statements relating to our future financial performance, our business prospects and strategy, anticipated financial position, liquidity and capital needs and other similar matters. These forward-looking statements are based on management’s current

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The Company may not actually achieve the plans, intentions or expectations disclosed in its forward-looking statements, and you should not place undue reliance on the Company’s forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements the Company makes. While the Company may elect to update these forward-looking statements at some point in the future, the Company has no current intention of doing so except to the extent required by applicable law. You should, therefore, not rely on these forward-looking statements as representing the Company’s views as of any date subsequent to the date of this presentation. Additional risks and uncertainties relating to the Company and its business can be found in the “Risk Factors” section of Palomar Holdings, Inc.’s most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, and other filings with the United States Securities and Exchange Commission.

Company Profile

TRACK RECORD OF DELIVERING STRONG GROWTH AND CONTINUED PROFITABILITY

Specialty insurer using data analytics, underwriting acumen, and risk transfer expertise to capitalize on market dislocations

Multi-channel distribution serving residential and commercial clients; products resonate with producers, other insurers and reinsurers

Leading earthquake insurer in the United States

Admitted and E&S offerings with nationwide scope
AM. 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

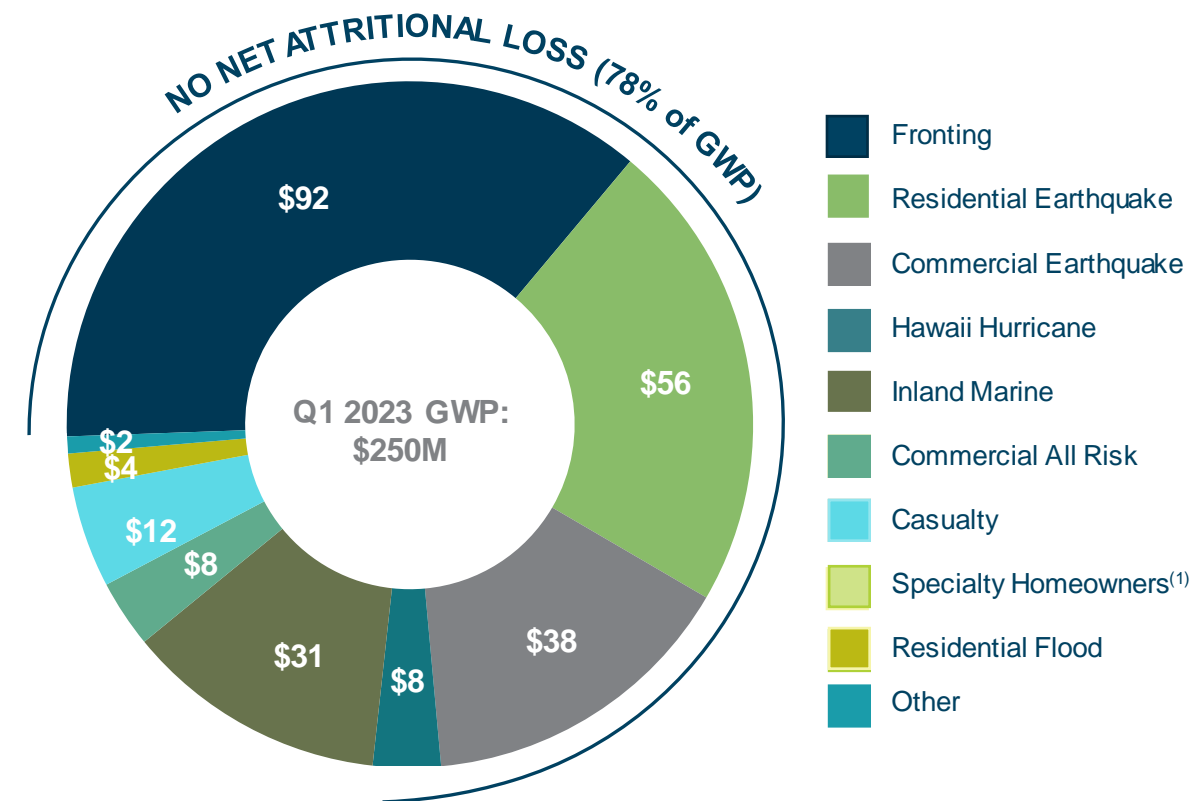
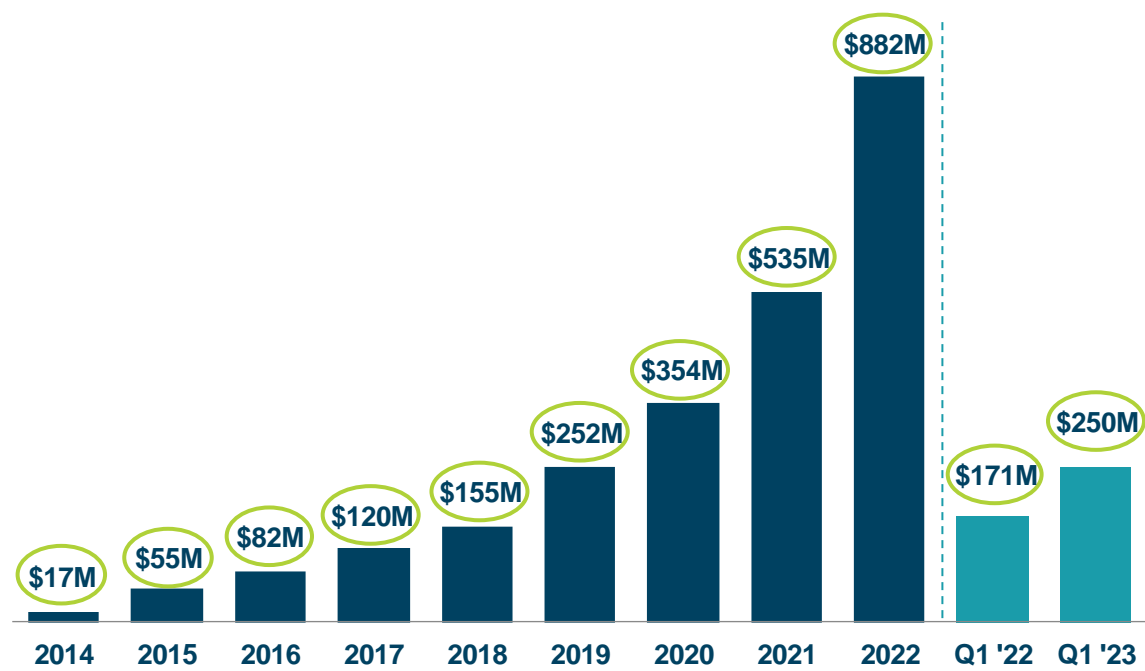
PLMR YTD 2023 HIGHLIGHTS

- ✓ Q1 gross written premiums (GWP) of \$250.1 million, up 46.3% from Q1 2022
- ✓ Q1 adjusted net income of \$20.4 million, compared to \$18.6 million in Q1 2022
- ✓ Q1 adjusted return on equity of 20.7%, compared to 19.2% in Q1 2022
- ✓ Q1 adjusted combined ratio of 73.3%, compared to 72.1% in Q1 2022
- ✓ Acquired XEO, an MGA focused on real estate E&O business
- ✓ Successful execution of 6/1 reinsurance renewal
- ✓ Raised full year 2023 adjusted net income guidance from \$86 to \$90 million to \$88 to \$92 million

Historical Growth and Specialized Business Mix

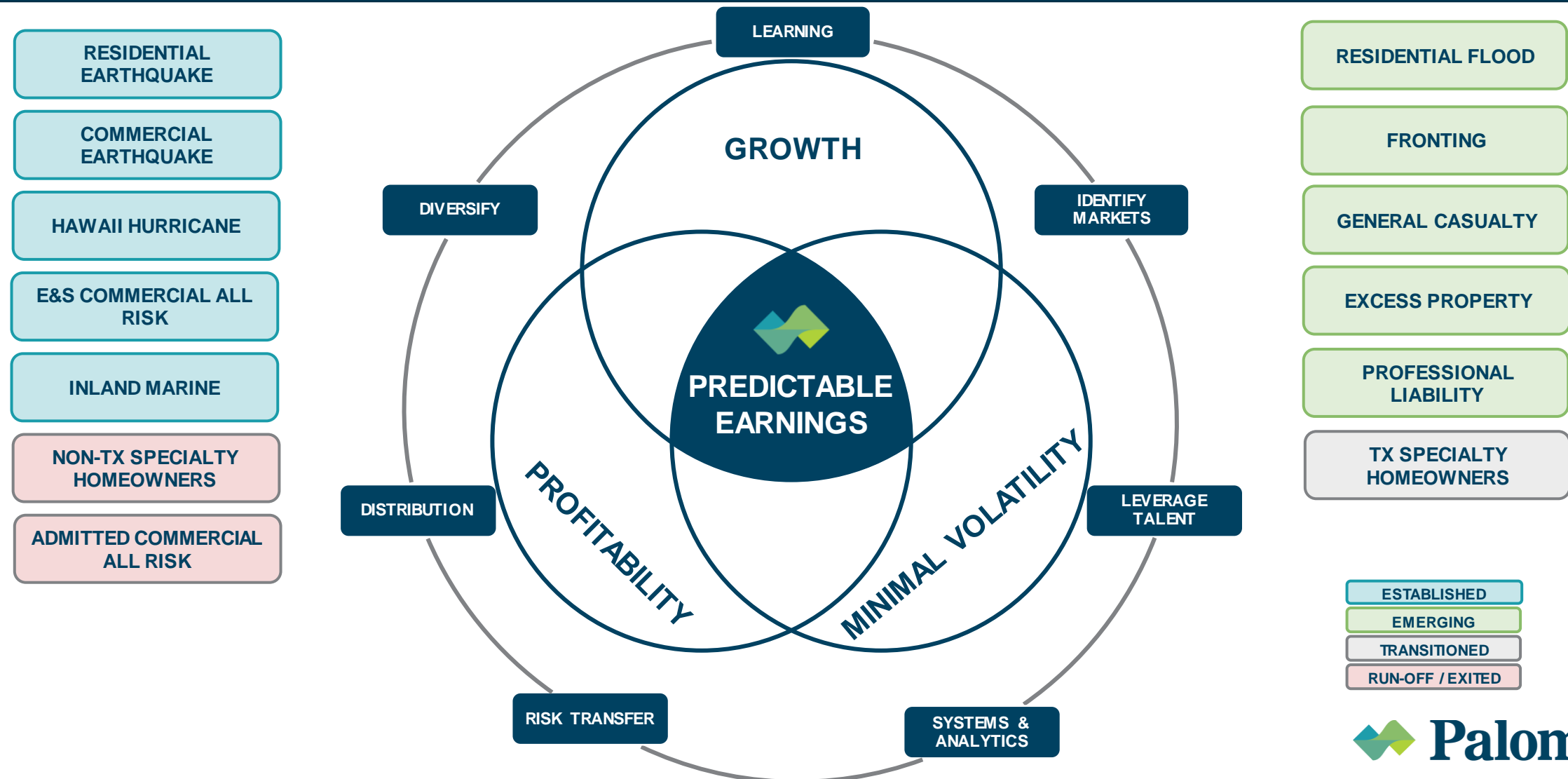
DIVERSIFICATION OF OUR PORTFOLIO THROUGH SPECIALIZED PRODUCT OFFERINGS SUPPORTS OUR LONG-TERM GROWTH STRATEGY

Annual Gross Written Premium By Year



The Palomar Approach

A REPLICABLE AND MATURE OPERATIONAL PROCESS THAT CONSISTENTLY ASSESSES OUR PRODUCT SUITE TO ENSURE OUR OVERARCHING FINANCIAL OBJECTIVE: PREDICTABLE EARNINGS



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-attritional loss business• Entry into new markets driven by replicable, analytics-driven process• Continued reduction in non-earthquake catastrophe 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• Fronting• Inland Marine• Excess Property• General Casualty• Professional Liability• Flood	<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

Q1 DEMONSTRATED FURTHER EXECUTION OF THE PALOMAR 2X STRATEGIC PLAN

2023 Strategic Initiatives

THESE FOUR KEY STRATEGIC INITIATIVES ARE CENTRAL TO EXECUTE PALOMAR 2X IN 2023

SUSTAIN STRONG PROFITABLE GROWTH

Achieve top and bottom-line growth objectives

DELIVER PREDICTABLE EARNINGS

Reduce volatility and enhance risk-adjusted returns

MANAGE DISLOCATION

Capitalize on dislocation in primary insurance and reinsurance markets while preserving our strong balance sheet

SCALE THE ORGANIZATION

Scale the organization via process, technology and people

YTD Update: 2023 Strategic Initiatives

SUSTAIN STRONG PROFITABLE GROWTH

- Generated Q1 GWP growth of 46% year-over-year
- Core earthquake business grew 31% in Q1; Residential Earthquake 20% and Commercial Earthquake 50% in Q1
- Additional product growth in Q1; Fronting 207%, Inland Marine 70%, Casualty 134%
- PLMR – FRONT recorded \$91.8 million of GWP in Q1
- Launched new partnership with Advanced AgProtection to enter the \$20 billion United States crop insurance marketplace

DELIVER PREDICTABLE EARNINGS

- Q1 adjusted return on equity of 20.7%
- Q1 loss ratio of 24.8%
- Q1 adjusted combined ratio of 73.3%
- Reducing Continental US wind 250-year probable maximum loss (PML) from \$250 million to \$100 million by the peak of 2023 wind season
- Acquired XEO Insurance Services, a real estate errors and omissions MGA

MANAGE DISLOCATION

- Secured \$550 million of incremental excess of loss (XOL) earthquake limit
- Executed fourth multi-year catastrophe bond; earthquake only
- Continued benefit from Q1 rate increases:
 - Commercial Earthquake 20-25%
 - Commercial All Risk +50% with a 48% decrease in year-over-year exposure

SCALE THE ORGANIZATION

- Applied technology and process optimization to reduce costs and to enable scale and margin expansion
- Hired talent and expertise within underwriting, data analytics and actuarial departments to support continued growth
- New hires leverage existing technology and infrastructure platforms to scale new initiatives efficiently

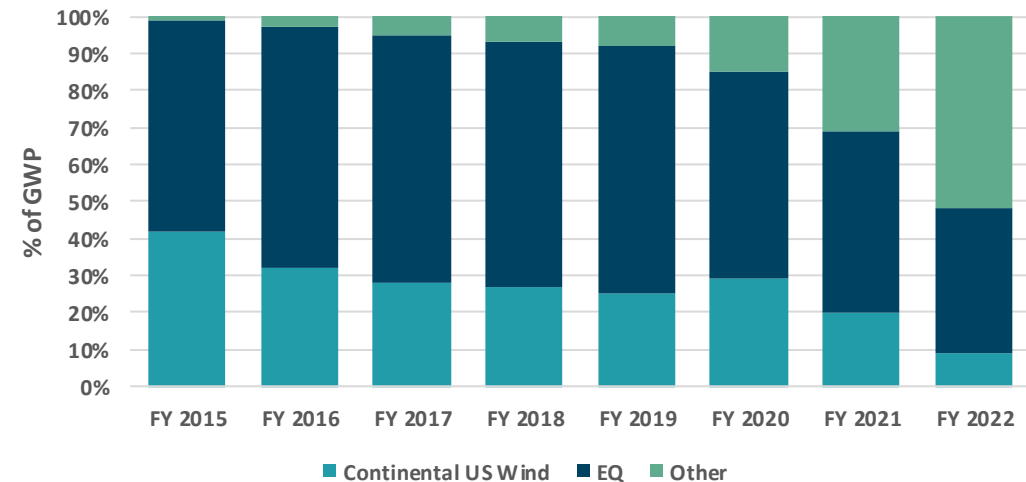
Deliver Predictable Earnings: Underwriting Case Study

THE IMPACT OF THESE UNDERWRITING ACTIONS RESULTS IN OUR 2020 NET LOSSES FROM HURRICANE EVENTS BEING REDUCED TO \$4.3 MILLION VERSUS \$63.2 MILLION

Key Underwriting Initiatives

- For the 2020 wind season, Palomar purchased \$650 million of reinsurance limit to cover the 250-year Continental US wind PML
 - Reduced Continental US wind limit to \$250 million at 9/30/22
 - Continued reduction of Continental US wind limit to \$100 million by 9/30/23
- Completed run-off of admitted Commercial All Risk portfolio
- Reduced E&S Commercial All Risk max line size
 - Capped total insured values in Florida
 - Notice of termination tendered to one of four E&S Commercial All Risk programs
- Exited Non-Texas Specialty Homeowners business
- Pivoted Texas Specialty Homeowners business to fronted model

Historical GWP Business Mix



Historical Catastrophe Loss As-If Analysis

Treaty Year	# CATs	CAT Losses ⁽¹⁾ (\$M)	As-If CAT Losses ⁽²⁾ (\$M)
2020	6	63.2	4.3
2021	1	12.5	3.4
2022 ³	3	29.0	24.9

1. Ultimate CAT losses as of 12/31/2022; implies a \$12.5M retention

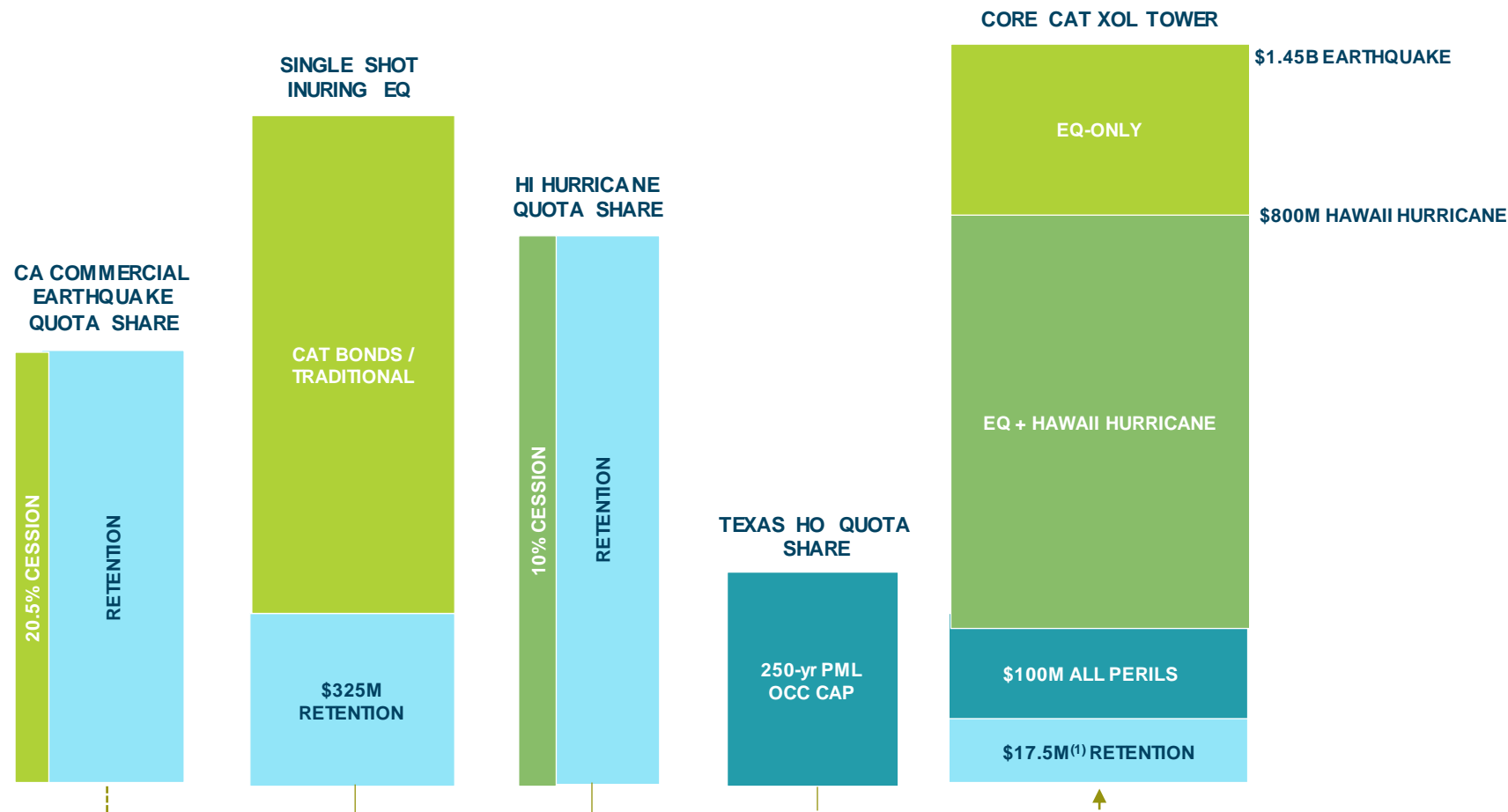
2. As-If losses estimate impact of removing discontinued business and underwriting changes as of 3/31/2023

3. Includes estimates for Winter Storm Elliot and CA Flooding

Comprehensive Risk Transfer Program

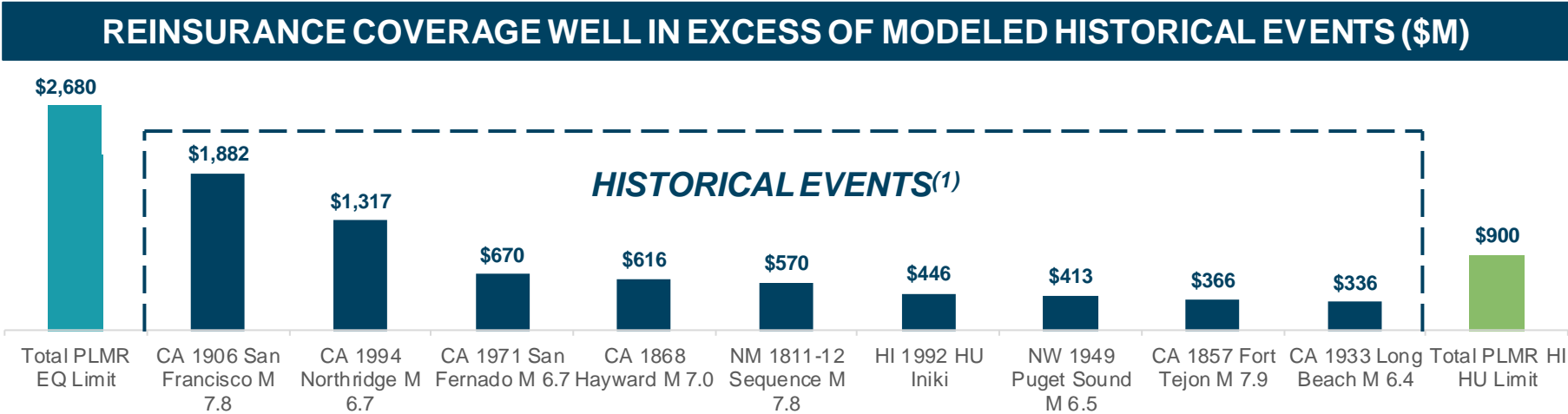
ROBUST RISK TRANSFER STRATEGY ENABLES PREDICTABLE EARNINGS AND REDUCED VOLATILITY

- Reinsurance coverage now exhausts at \$2.68 billion for earthquake events including \$17.5 million of additional limit incepting at 9/1, \$900 million for Hawaii Hurricane events and \$100 million for all continental United States hurricane events
- First event retention of \$17.5 million, on an after-tax basis, represents less than 5% of surplus and less than one quarter of earnings
- 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 for any single risk



Reinsurance Program Designed to Minimize Earnings Volatility

- Reinsurance strategy combines the use of both excess of loss and quota share reinsurance
- Portfolio analytics process utilizes multiple catastrophe models, deterministic loss scenarios and exposure profiles to assess risk and evaluate reinsurance coverage needs
- The current XOL program provides coverage substantially in excess of the modeled loss anticipated with the recurrence of the most severe historically catastrophes



- In addition, quota share and per risk reinsurance used to further mitigate the impact of losses and manage net exposure to any single risk
- A majority of exposure for attritional lines of business is ceded in return for attractive ceding commission income

2023 Reinsurance Accomplishments

THE SUCCESSFUL RENEWAL OF OUR 6/1 REINSURANCE PLACEMENT ALONG WITH PROCUREMENT OF CONSIDERABLE INCREMENTAL XOL LIMIT DURING THE HARDEST REINSURANCE MARKET IN THIRTY YEARS DEMONSTRATES THE STRENGTH OF OUR PORTFOLIO, BUSINESS MODEL AND REINSURANCE EXPERTISE

6/1 Catastrophe XOL Update

- Reinsurance coverage now exhausts at \$2.68 billion for earthquake events including \$17.5 million of additional limit incepting at 9/1, \$900 million for Hawaii Hurricane events and \$100 million for all continental United States hurricane events
- First event retention of \$17.5 million, on an after-tax basis, represents less than 5% of surplus and less than one quarter of earnings
- Coverage includes protection exceeding the 1:250-year peak zone PML
- Purchased approximately \$550 million of XOL limit to support the growth of earthquake franchise in 2023
- Successful issuance of \$200 million of collateralized earthquake capacity through Torrey Pines Re Series 2023-1 notes
 - A total of \$875 million of multi-year insurance linked securities capacity providing diversifying collateralized reinsurance capital
- Panel includes 78 highly rated reinsurers
- Prepaid reinstatements for substantially all layers that include a reinstatement provision
 - Limited pre-tax net loss to \$17.5 million retention with modest additional reinsurance premium due

Additional Programs

- Renewal of 6/1 Flood XOL program
- Recent quota share renewals include Builder's Risk (increased line size capacity) and Casualty (improved economics)
- Successful completion of 1/1 California Commercial Earthquake quota share renewal with increased cession of 20.5%

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



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



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



Principles for
Responsible
Investment



United Nations
Global Compact



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

Entrepreneurial and Experienced Management Team

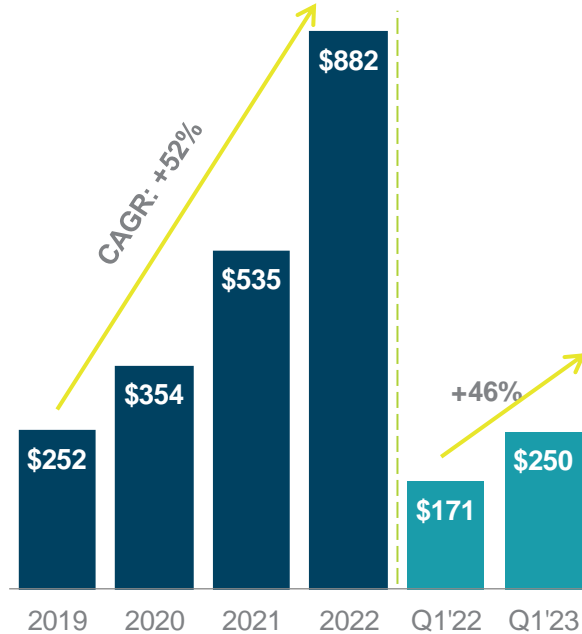
LEADING SPECIALTY INSURANCE TALENT CONTINUES TO EXECUTE AND ADD DEPTH TO THE ORGANIZATION

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
Mark Brose Chief Technology Officer	25+	Agosto Inc. Gravie Best Buy
Greg Tupper Chief Information Security Officer	25+	UnitedHealth Group Mocon WellBeats

Proven Business Model

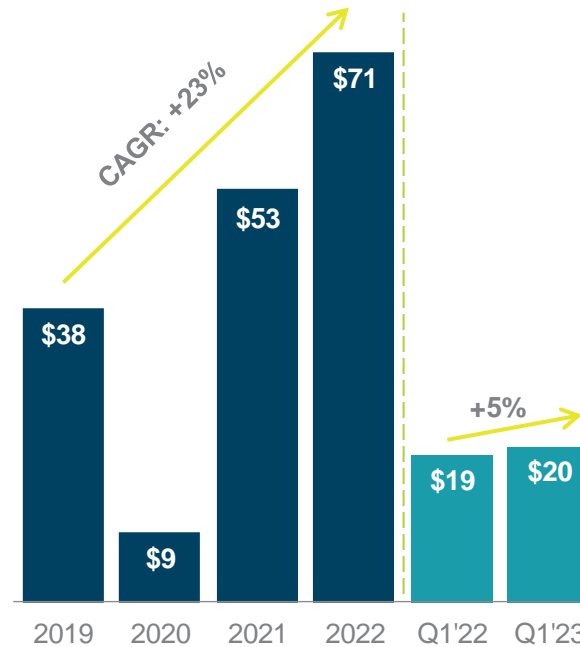
GROWTH

Gross Written Premium (\$M)



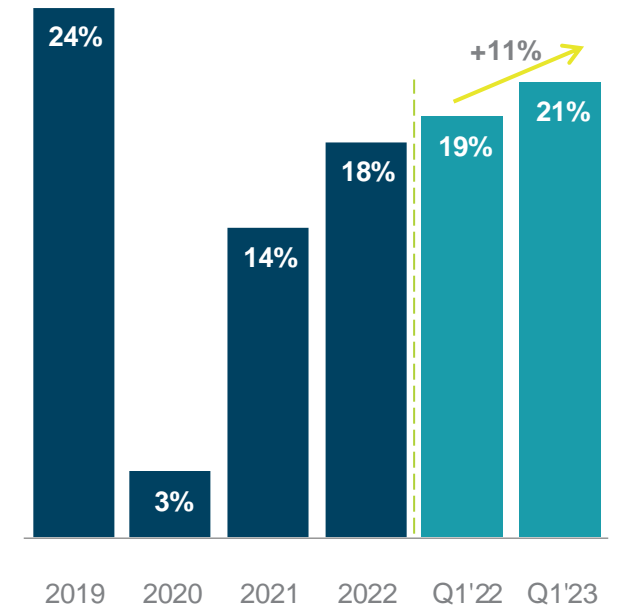
PROFITABILITY

Adjusted Net Income (\$M)



SHAREHOLDER RETURNS

Adjusted Return on Equity



FULL YEAR 2023 CURRENT OUTLOOK

Adjusted net income

\$88 to \$92 million⁽²⁾

Appendix

First Quarter 2023 Financial Highlights

In Thousands	Three Months Ended March 31	
	2023	2022
Gross written premiums	\$ 250,112	\$ 170,934
Ceded written premium	(170,344)	(89,552)
Net written premiums	79,768	81,382
Net earned premiums	83,241	76,032
Commission and other income	695	777
Total underwriting revenue ⁽¹⁾	83,936	76,809
Losses and loss adjustment expenses	20,652	14,954
Acquisition expenses, net of ceding commissions and fronting fees	25,679	28,054
Other underwriting expenses	19,222	15,925
Underwriting income ⁽¹⁾	18,383	17,876
Interest expense	(1,020)	(93)
Net investment income	5,120	2,579
Net realized and unrealized gains (losses) on investments	146	(1,278)
Income before income taxes	22,629	19,084
Income tax expense	5,316	4,547
Net income	\$ 17,313	\$ 14,537
Net realized and unrealized (gains) losses on investments ⁽²⁾	(146)	1,278
Expenses associated with transactions	--	86
Stock-based compensation expense	3,450	2,760
Amortization of intangibles	313	315
Expenses associated with catastrophe bond	50	200
Tax Impact	(540)	(592)
Adjusted net income ⁽¹⁾	\$ 20,440	\$ 18,584
Key Financial and Operating Metrics		
Annualized Return on equity	17.5%	15.0%
Annualized Adjusted return on equity ⁽¹⁾	20.7%	19.2%
Loss ratio	24.8%	19.7%
Expense ratio	53.1%	56.8%
Combined ratio	77.9%	76.5%
Adjusted combined ratio ⁽¹⁾	73.3%	72.1%
Diluted earnings per share	\$ 0.68	\$ 0.56
Diluted adjusted earnings per share ⁽¹⁾	\$ 0.80	\$ 0.72
Catastrophe losses	\$ 1,806	\$ 481
Catastrophe loss ratio ⁽¹⁾	2.2%	0.6%
Adjusted combined ratio excluding catastrophe losses ⁽¹⁾	71.2%	71.4%
Adjusted underwriting income ⁽¹⁾	\$ 22,196	\$ 21,237

(1) Indicates non-GAAP financial measure; see "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of the non-GAAP financial measures to their most directly comparable financial measures prepared in accordance with GAAP.

Reconciliation Of Non-GAAP Metrics Used In This Presentation

In Thousands	Three Months Ended March 31	
	2023	2022
Gross earned premiums	\$ 225,243	\$ 138,924
Ceded earned premiums	<u>(142,002)</u>	<u>(62,892)</u>
Net earned premiums	<u>\$ 83,241</u>	<u>\$ 76,032</u>
Net earned premium ratio	37.0%	54.7%
Total revenue	\$ 89,202	\$ 78,110
Net Investment income	(5,120)	(2,579)
Net realized and unrealized (gains) losses on investments	<u>(146)</u>	<u>1,278</u>
Underwriting revenue	\$ 83,936	\$ 76,809
Income before income taxes	\$ 22,629	\$ 19,084
Net investment income	(5,120)	(2,579)
Net realized and unrealized (gains) losses on investments	(146)	1,278
Interest expense	<u>1,020</u>	<u>93</u>
Underwriting income	\$ 18,383	\$ 17,876
Expenses associated with transactions	--	86
Stock-based compensation expense	3,450	2,760
Amortization of intangibles	313	315
Expenses associated with catastrophe bond	<u>50</u>	<u>200</u>
Adjusted underwriting income	\$ 22,196	\$ 21,237
Net Income	\$ 17,313	\$ 14,537
Net realized and unrealized losses (gains) on investments	(146)	1,278
Expenses associated with transactions	--	86
Stock-based compensation expense	3,450	2,760
Amortization of intangibles	313	315
Expenses associated with catastrophe bond	50	200
Tax impact	<u>(540)</u>	<u>(592)</u>
Adjusted net income	\$ 20,440	\$ 18,584
Annualized adjusted net income	<u>\$ 81,761</u>	<u>\$ 74,336</u>
Average stockholders' equity	<u>\$ 394,701</u>	<u>\$ 387,284</u>
Annualized adjusted return on equity	20.7%	19.2%

Reconciliation Of Non-GAAP Metrics Used In This Presentation

In Thousands	Three Months Ended March 31	
	2023	2022
Numerator: Sum of losses and loss adjustment expenses, acquisition expenses, and other underwriting expenses, net of commission and other income	<u>\$ 64,858</u>	<u>\$ 58,156</u>
Denominator: Net earned premiums	<u>\$ 83,241</u>	<u>\$ 76,032</u>
Combined Ratio	77.9%	76.5%
Adjustments to numerator:		
Expenses associated with transactions	\$ --	\$ (86)
Stock-based compensation expense	(3,450)	(2,760)
Amortization of intangibles	(313)	(315)
Expenses associated with catastrophe bond	<u>(50)</u>	<u>(200)</u>
Adjusted combined ratio	73.3%	72.1%
Adjusted net income	<u>\$ 20,440</u>	<u>\$ 18,584</u>
Weighted-average common shares outstanding, diluted	<u>25,442,902</u>	<u>25,899,290</u>
Diluted adjusted earnings per share	\$ 0.80	\$ 0.72
Numerator: Losses and Loss adjustment expenses	<u>\$ 20,652</u>	<u>\$ 14,954</u>
Denominator: Net earned premiums	<u>\$ 83,241</u>	<u>\$ 76,032</u>
Loss ratio	24.8%	19.7%
Numerator: Catastrophe losses	<u>\$ 1,806</u>	<u>\$ 481</u>
Denominator: Net earned premiums	<u>\$ 83,241</u>	<u>\$ 76,032</u>
Catastrophe loss ratio	2.2%	0.6%

Reconciliation Of Non-GAAP Metrics Used In This Presentation

In Thousands	Three Months Ended March 31	
	2023	2022
Numerator: Sum of losses and loss adjustment expenses, acquisition expenses, and other underwriting expenses, net of commission and other income	<u>\$ 64,858</u>	<u>\$ 58,156</u>
Denominator: Net earned premiums	<u>\$ 83,241</u>	<u>\$ 76,032</u>
Combined ratio	<u>77.9%</u>	<u>76.5%</u>
Adjustments to numerator:		
Expenses associated with transactions	\$ --	\$ (86)
Stock-based compensation expense	(3,450)	(2,760)
Amortization of intangibles	(313)	(315)
Expenses associated with catastrophe bond	(50)	(200)
Catastrophe Losses	<u>(1,806)</u>	<u>(481)</u>
Adjusted combined ratio excluding catastrophe losses	71.2%	71.4%

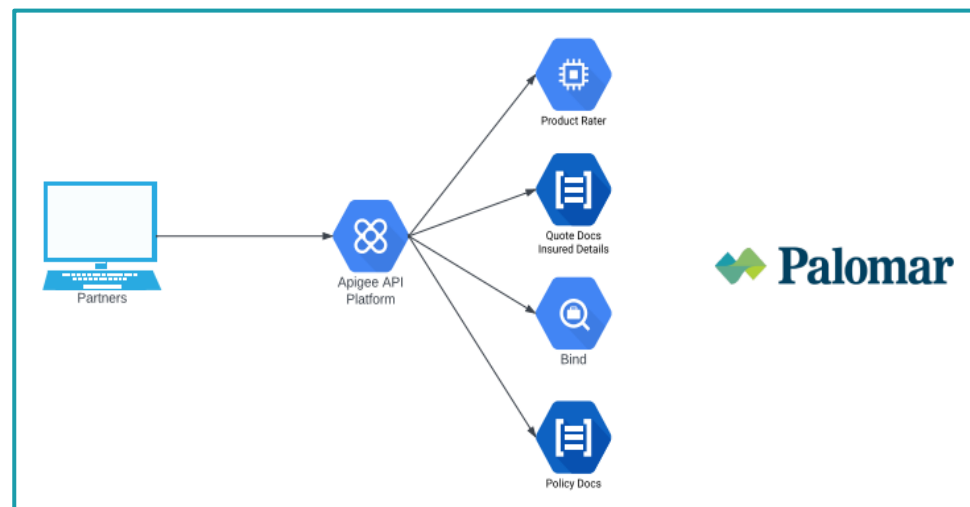
Innovative Technology Platform

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



insuroX®

☐ Bundle



A-
A.M. Best Rating

Alternative Rate
\$853.44 / 12 months

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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

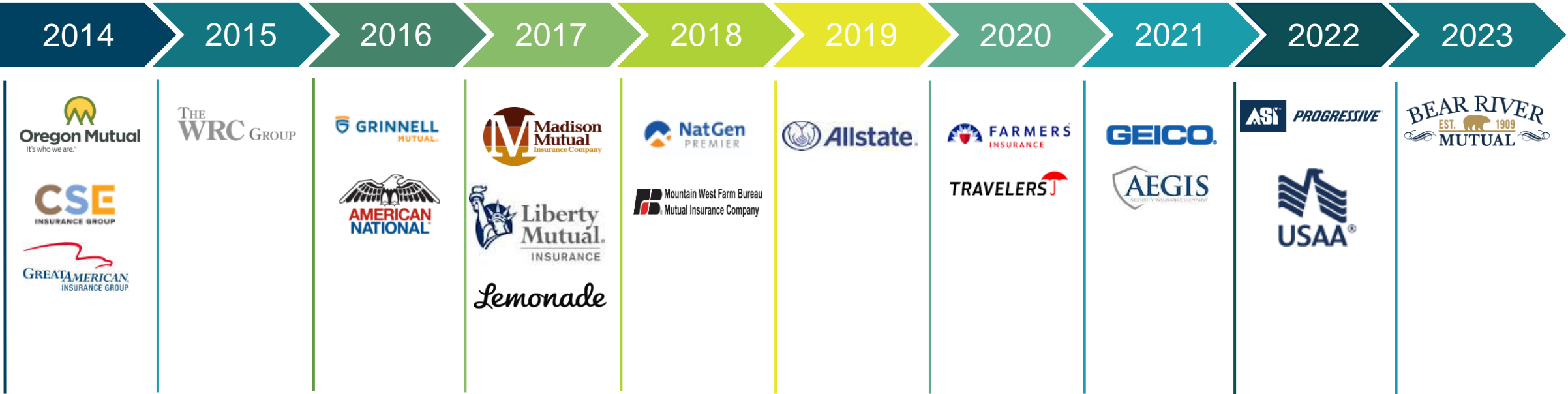
CARRIER PARTNERSHIPS

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

UNIQUE DISTRIBUTION MODEL LEVERAGES SCALABILITY AND ACCESS TO DIFFERENT MARKETS
INCREASED DISTRIBUTION FOOTPRINT BY 19% YEAR-OVER-YEAR

Strategic Partnerships

Ten years of partnerships continue with one of the most robust pipelines in the company's history across multiple product categories



*Does not include all partnerships