UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 1, 2021

Palomar Holdings, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-38873

Delaware (State or other jurisdiction of incorporation)	**83-3972551** (I.R.S. Employer Identification No.)

7979 Ivanhoe Avenue, Suite 500
La Jolla, California 92037
(Address of principal executive offices, including zip code)

(619) 567-5290
(Registrant's telephone number, including area code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	PLMR	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).
Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Selection 13(a) of the Exchange Act. ☐

Item 7.01 Regulation FD Disclosure

On March 1, 2021, Palomar Holdings, Inc. (the "Company") updated its corporate presentation that it uses for presentations at conferences and to analysts, current stockholders, and others. A copy of the Company's presentation that it intends to use at such events is attached as Exhibit 99.1 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Corporate Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

	PALOMAR HOLDINGS, INC.
Date: March 1, 2021	/s/ T. Christopher Uchida
	T. Christopher Uchida Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 99.1

Palomar

Investor Presentation

March 2021

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 expectations and assumptions about future events, which are inherently sub to uncertainties, risks and changes in circumstances that are difficult to pre Such risks and uncertainties include, among others, future results of operati financial position; the impact of the ongoing and global COVID-19 pande general economic, political and other risks, including currency and stock ma fluctuations and uncertain economic environment; the volatility of the tra price of our common stock; and our expectations about market trends.

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

Company Overview

TRACK RECORD OF DELIVERING STRONG GROWTH AND CONTINUED PROFITABILITY

- Specialty insurer focused on addressing underserved, mispriced markets
- Products serving residential and commercial clients include earthquake, wind and flood insurance
- Sophisticated risk transfer strategy limits exposure to major events and reduces earnings volatility
- Analytically driven underwriting and flexible products
- A.M. Best "A- (Excellent)" FSC group rating, nationwide scope through Palomar Excess and Surplus Insurance Company ("PESIC") and admitted insurer in 32 states
- Committed to environmental, social, governance, diversity and inclusion initiatives

NASDAQ: PLMR Q4/YE 2020 HIGHLIGHTS

- ☑ 2020 GWP of $354.4 million, up 41% versus 2019
  - Q4 GWP of $96.1 million, up 31% versus Q4 of 2019
  - 2020 GWP of $29.5 million via PESIC
- ☑ 2020 adjusted net income[1] of $8.9 million
- ☑ 2020 adjusted combined ratio excluding catastrophe losses [1] of 67.5%
- ☑ 2020 adjusted ROE [1] of 3.0% (includes cat losses)
- ☑ 2020 premium retention above 87% overall across all product lines
- ☑ Q4 average rate increase of 16% on commercial renewals
- ☑ Published inaugural Sustainability & Citizenship Report

(1)-This is a non-GAAP metric. See non-GAAP reconciliation on pages 22, 23, and 24

Recent Developments

CONTINUED GROWTH

- Q4 GWP of $96.1 million, up 31% versus Q4 of 2019
- Launched four new products via PESIC and an admitted Real Estate E&O offering
- Updated 2021 adjusted net income guidance: $62 to $67 million

UNDERWRITING

- Exited admitted Commercial All Risk and Louisiana Specialty Homeowners
  - Actions taken would have reduced 2020 wind season gross losses by 70%
- Transitioned focus to E&S in select markets with strengthened underwriting guidelines
  - Off-coast, reduced limits | Targeting layered and shared business

STRATEGIC INITIATIVES

- Newly launched PESIC grew 128% sequentially during Q4
- Entered several new partnerships via PSIC & PESIC: Residential Earthquake (Travelers), Residential Flood, Builder's Risk, and Excess Liability
- Acquired the renewal rights to Geovera's book of Hawaiian Residential Hurricane business

RISK TRANSFER

- Commercial and residential quota shares will protect against material losses from Winter Storm Uri
- Secured $25 million of aggregate XOL limit for all perils, effective prior to next storm season
- Torrey Pines Re Cat Bond currently in the market; seeking to place $300M of limit, earthquake only

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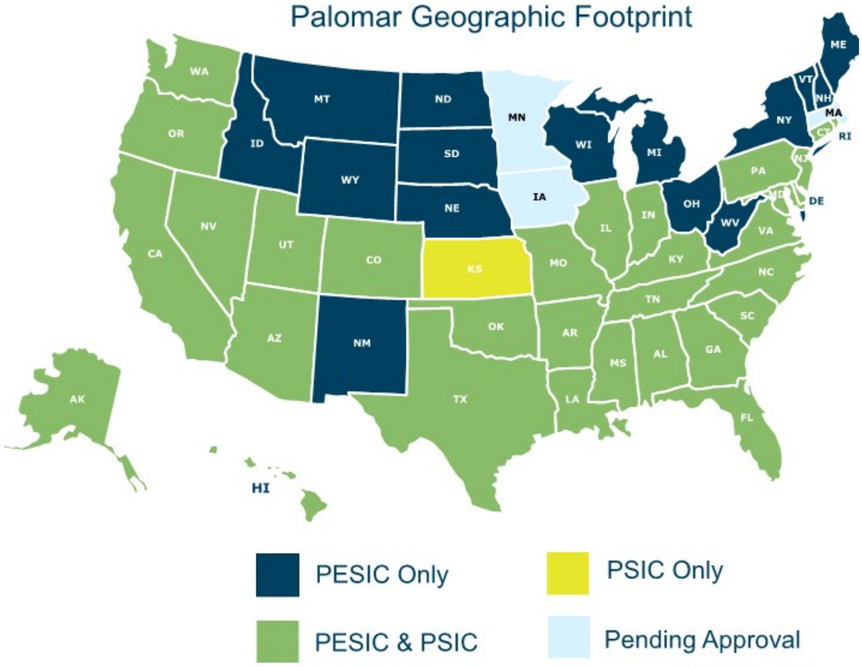
Palomar Excess and Surplus Insurance Company

PESIC HIGHLIGHTS

- Launched in June 2020, began writing business during Q3
- Received A- (Excellent) FSC IX by A.M. Best in July 2020
- 2020 GWP of $29.5 million; 128% sequential growth in Q4
- Achievement of national recognition by surplus lines associations
- Primary lines of business: Commercial Earthquake, Commercial All Risk and Inland Marine
- New lines of business announced in 2021: Builder's Risk and Excess Liability
- Actively writing in-house business as well as through select program administrators
- Continued robust program pipeline

Palomar Geographic Footprint



Investment Highlights

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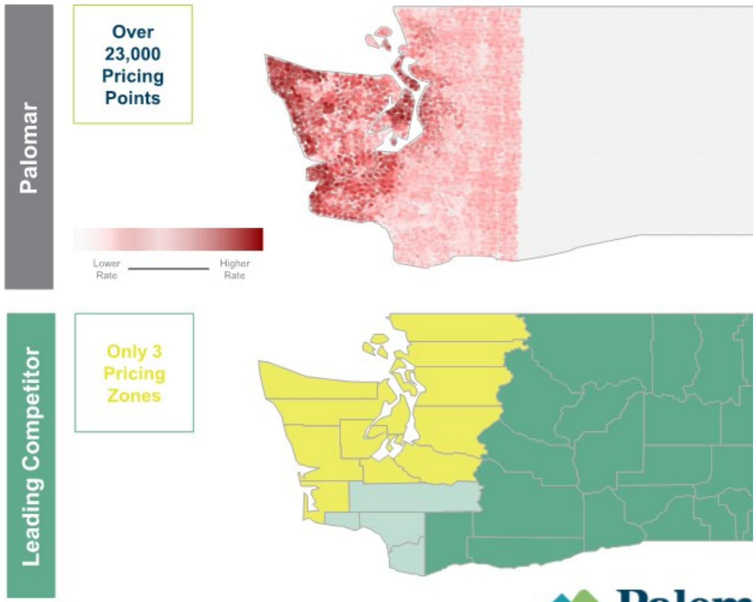
Analytically Driven Underwriting

UNDERWRITING STRATEGY

- Broad appetite to underwrite specialty risks within both admitted and surplus lines markets
- "Write what we know"
- Avoid exposures that are overly complex
- Proprietary granular data modeling drives analytical pricing
- Ability to adapt quickly to market conditions
- Adherence to strict underwriting guidelines
- Fee income generated by underwriting on the behalf of other insurance companies

CASE STUDY: WA PRICING MODEL PLMR vs LEADING COMPET



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Scalable Proprietary Operating Platform

OPERATING WITHOUT THE BURDEN OF LEGACY IT SYSTEMS

Modern technology platform driving competitive advantage

- ☑ Integration between pricing models, policy administration and analytics
- ☑ Technology systems built for automation and efficiency
- ☑ API development for partners with Palomar Automated Submission System (PASS)
- ☑ Real-time data & event reporting
- ☑ Enterprise-grade stability

→

- Better service to policyholders and producers
- Scalable platform reduces operating costs & improves efficiency
- Seamless communication with partner carriers and reinsurers
- Ability to rapidly quote and bind policies

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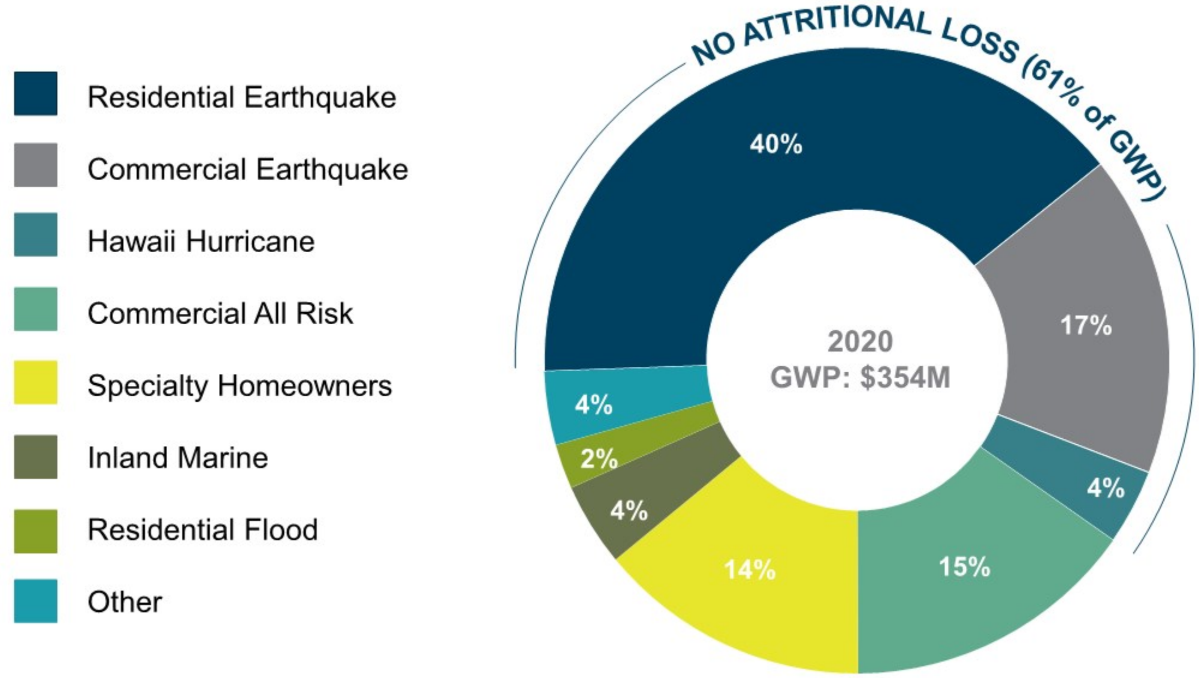
Adaptive Specialty Products



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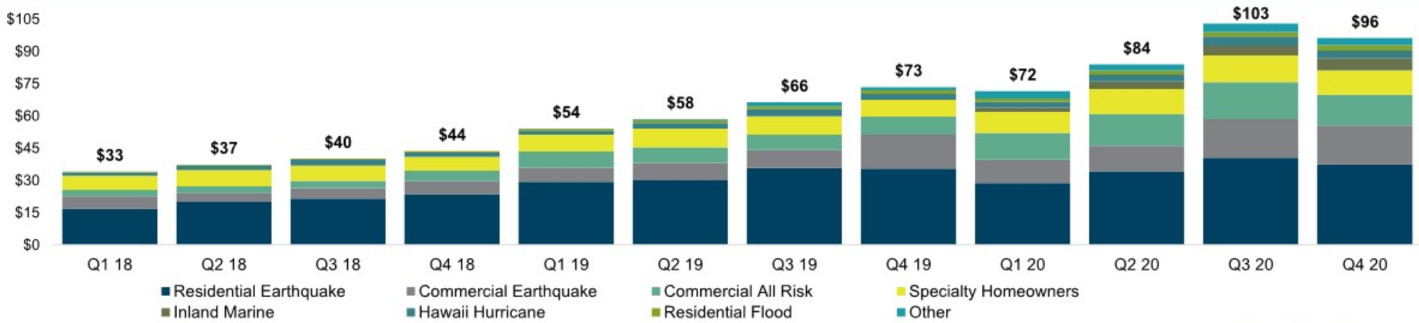
Multiple Dimensions of Growth

EXPANSION SINCE INCEPTION (ANNUAL GWP IN $M)

DIVERSIFICATION OF BUSINESS MIX (QUARTERLY GWP IN $M)



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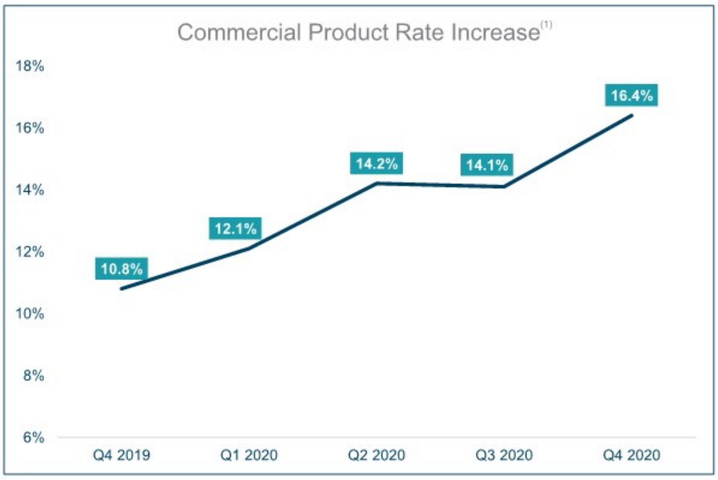
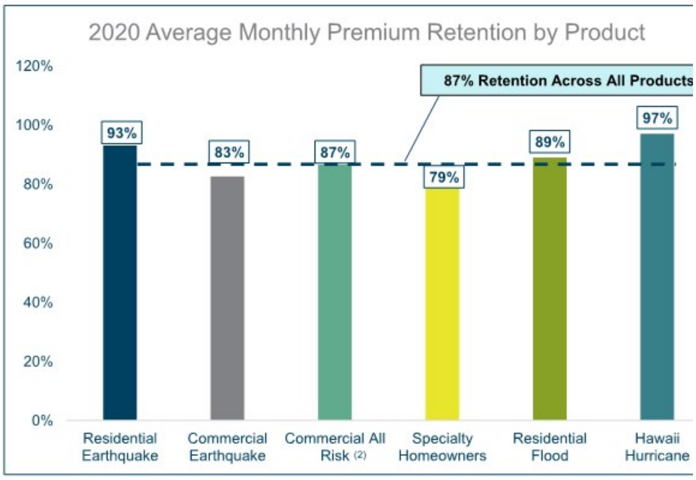
Continued Opportunity within Commercial Markets

ABILITY TO CAPITALIZE ON AN ATTRACTIVE COMMERCIAL RATE ENVIROMENT AND RETAIN POLICYHOLDERS





Current hard market has allowed Palomar to launch three new commercial products since Q4

1. *Includes Commercial Earthquake and Commercial All Risk product rate increases*
2. *Exited admitted Commercial All Risk in during Q4 2020*

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Expanding Our Distribution Network

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

RETAIL AGENTS	WHOLESALE BROKERS	PROGRAM ADMINISTRATORS	CARRIER PARTNERSHIPS
• Primarily distribute personal lines products • High retention rates and rate stability • Flexible products that are easier for agents to sell • Strong cross-selling opportunities • Granted direct access to PASS, our agency portal	• Primarily distribute commercial lines products • Control most of the premium within commercial property insurance • Much higher average premium than retail business • Distribution enhanced through scale and PESIC	• Distribute admitted and surplus lines offerings • Harness the efficiency and scale of existing marketing and distribution infrastructures • Products ultimately sold directly by retailers and wholesalers	• Over twenty insurance company partners • Companion offers for residential or commercia insurance products • Direct appointments witr captive agents • Up to 100% reinsurance for existing and new risk

Unique distribution model, which leverages scalability and access to different markets

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Leveraging Strategic Partnerships

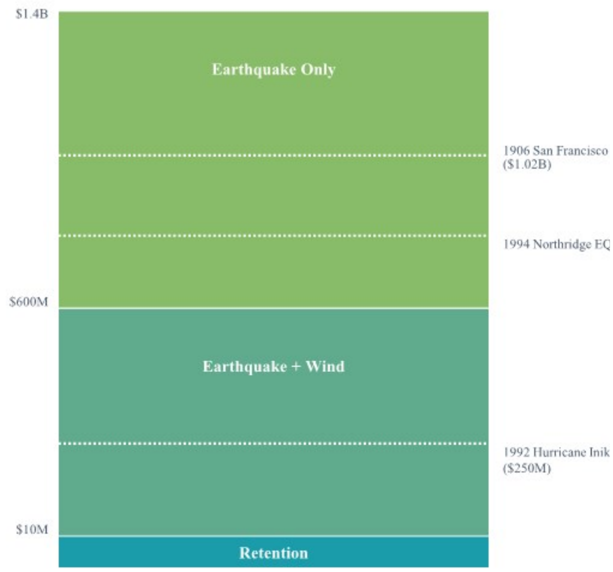
BUILDING SCALE WITHIN NEW AND EXISTING MARKETS

- 20+ strategic partnerships
- Existing relationships validate the quality of our products, service offerings and systems
- Highly scalable distribution model
- Ability to quickly grow within new and existing markets
- Recent partnerships include residential earthquake partnership with Travelers in Q1 ‘21 and flood partnership with Torrent (Marsh) in Q4 ‘20

Enhanced Risk Transfer Program

CURRENT REINSURANCE PROGRAM (1)

- Total coverage up to $1.4 billion for earthquake events and $600 million for wind events
- $10 million event retention in place through June 1, 2021; represents less than 3% of surplus
- $1 million vertical co-participation in selected layers of the program
- Reinstatement provisions facilitate cover for multiple events
- $25 million of aggregate excess of loss reinsurance limit placed effective 4/1/2021; covers all perils
- Highly diversified and robust reinsurance panel with over 90 highly rated reinsurers
- Utilize quota share reinsurance to further mitigate the impact of losses on underwriting results



1. Historical scenarios are modeled using the in-force portfolio as of December 31, 2020
2. Cat XOL Tower as of 12/31/20

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Entrepreneurial and Experienced Management Team

DECADES OF INSURANCE, REINSURANCE, AND CAPITAL MARKETS EXPERTISE

MANAGEMENT OVERVIEW

NAME	EXPERIENCE (YRS)	PRIOR PROFESSIONAL EXPERIENCE
Mac Armstrong | CEO & Founder	20+	Arrowhead General Insurance Agency | Spectrum Equity | Alex. Brown & Sons
Heath Fisher | President & Co-Founder	20+	Guy Carpenter | John B. Collins Associates | E.W. Blanch Company
Jon Christianson | Chief Underwriting Officer	15+	Holborn Corporation | John B. Collins Associates | Guy Carpenter
Elizabeth Seitz | Chief Accounting Officer	25+	Personable General Insurance Agency | Arrowhead General Insurance Agency | PwC
Chris Uchida | Chief Financial Officer	20+	Arrowhead General Insurance Agency | PwC
Britt Morries | Chief Operating Officer	25+	Wellbeats | John B. Collins Associates | Aon
Jonathan Knutzen | Chief Risk Officer	20+	TigerRisk Partners | Holborn Corporation | Guy Carpenter
Michelle Johnson | Chief Talent & Diversity Officer	20+	Option One Mortgage | AMN Healthcare | Panasonic Avionics Corporation
Bill Bold | Chief Strategy Officer	30+	U.C. San Diego School of Global Policy & Strategy | Qualcomm
Angela Grant | Chief Legal Officer	30+	CSE Insurance Group | Hippo | GEICO

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ESG Statement

PALOMAR FORMALLY ANNOUNCED ITS COMMITMENT TO ESG MATTERS IN DECEMBER 2020

ENVIRONMENTAL

- Employees encouraged to work from home, reducing carbon footprint
- Eliminated the use of disposable plastic water bottles in favor of filtered water dispensers in HQ
- Addition of dual computer monitors to eliminate the need for printing

SOCIAL RESPONSIBILITY

- Inclusive workplace welcoming all people, regardless of race, ethnicity, sexual orientation, or gender identification
- 40% of our team and 50% of our board of directors are women or members of underrepresented communities
- Creation of DICE (Diversity, Inclusion, Community Engagement and Equality) Council
- Allocating assets to Minority Depository Institution

GOVERNANCE

- Established ESG Committee of the boa of directors in October 2020
- 83% of our board members are independent of management
- The board of directors has adopted Corporate Governance guidelines that a focused on good governance practices and procedures

Financial Highlights

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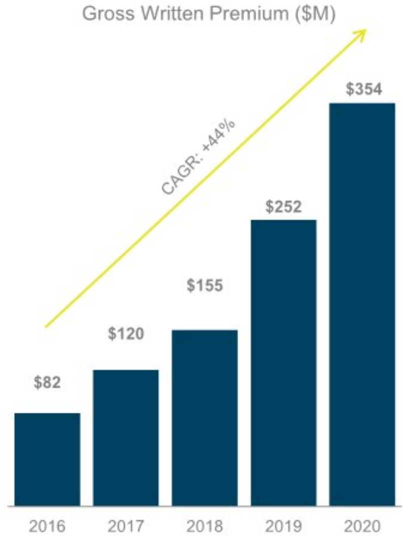
Proven Business Model

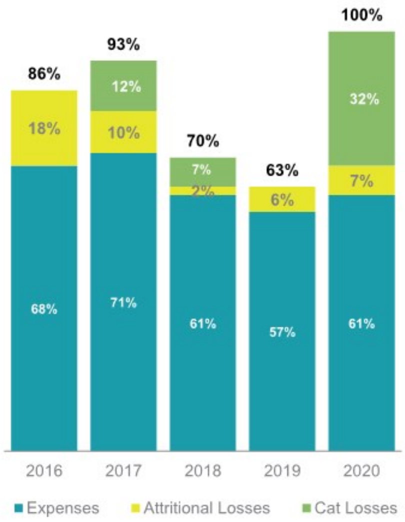
GROWTH

Gross Written Premium ($M)



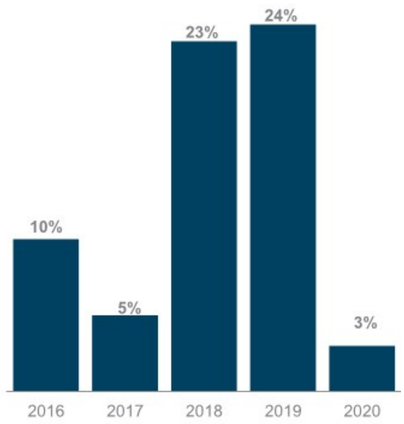
PROFITABILITY

Adjusted Combined Ratio [1]



SHAREHOLDER RETURNS

Adjusted Return on Equity [1]



1. This is a non-GAAP metric. See GAAP reconciliation on pages 22, 23 and 24

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Full Year 2021 Guidance

FULL YEAR 2021 CURRENT OUTLOOK	
Adjusted net income[(1)]	**$62 to $67 million**

- Updated 2021 Outlook on February 24, 2021 within fourth quarter 2020 earnings release
- Adjusted net income guidance considers the impact of Winter Storm Uri in Texas
- Aggregate cover will establish a floor of approximately:
  - 10% for adjusted return on equity
  - 80% for adjusted combined ratio
  - $39 million for adjusted net income

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Appendix

Financial Highlights

Q4 2020 PERFORMANCE

- ☑ Top-line growth continues to be driven by new products, accelerating rate increases in commercial business, expansion of E&S footprint, and extension of distribution network
- ☑ GWP of $96.1 million, up 31% versus 2019
- ☑ Average monthly premium retention above 84% overall across all product lines
- ☑ 382% growth in Inland Marine
- ☑ 46% growth in Specialty Homeowners
- ☑ 42% growth in Residential Flood
- ☑ 30% growth in Hawaii Hurricane

In Thousands	Year Ended Decemb
	2020
Gross written premiums	$354,360
Ceded written premium	(155,102)
Net written premiums	199,258
Net earned premiums	155,068
Commission and other income	3,295
Total underwriting revenues [1]	158,363
Losses and loss adjustment expenses	64,115
Acquisition expenses	64,041
Other underwriting expenses	34,074
Underwriting income (loss) [1]	(3,877)
Interest expense	-
Net investment income	8,612
Net realized and unrealized gains on investments	1,488
Income before income taxes	6,223
Income tax expense	(34)
Net income (loss)	$6,257
Expenses associated with IPO, tax restructuring, secondary offerings, and one time cash incentive bonuses	708
Stock-based compensation expense	2,167
Expenses associated with retirement of debt	-
Expenses associated with catastrophe bond	399
Tax Impact	(664)
Adjusted net income [1]	$8,867
Key Financial and Operating Metrics	
Return on equity	2.1%
Adjusted return on equity [1]	3.0%
Loss ratio	41.3%
Expense ratio	61.2%
Combined ratio	102.5%
Adjusted combined ratio[1]	100.4%
Diluted earnings per share	$0.24
Diluted adjusted earnings per share[1]	$0.35
Catastrophe losses[2]	50,986
Catastrophe loss ratio[1]	32.9%
Adjusted combined ratio excluding catastrophe losses[1]	67.5%

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1. *This is a non-GAAP metric. See GAAP reconciliation on pages 22, 23 and 24*
2. *Catastrophe losses above are shown before their tax impact.*

Reconciliation Of Non-GAAP Metrics Used In This Presentation

In Thousands	Three Months Ended December 31,		Year Ended December 31,	
	2020	**2019**	**2020**	**2019**
Gross earned premiums	$86,191	$58,967	$301,457	$200,521
Ceded earned premiums	(47,269)	(27,979)	(146,389)	(100,314)
Net earned premiums	38,922	30,988	155,068	100,207
Net earned premium ratio	**45.2%**	**52.6%**	**51.4%**	**50.0%**
Total revenue	$42,295	$34,623	168,463	$113,296
Net Investment income	(2,325)	(1,803)	(8,612)	(5,975)
Net realized and unrealized gains on investments	(245)	(1,178)	(1,488)	(4,443)
Underwriting Revenue	**$39,725**	**$31,642**	**$158,363**	**$102,878**
Income (loss) before income taxes	($2,406)	$14,415	$6,223	$18,077
Net investment income	(2,325)	(1,803)	(8,612)	(5,975)
Net realized and unrealized gains on investments	(245)	(1,178)	(1,488)	(4,443)
Interest expense	-	-	-	1,068
Underwriting Income	**($4,976)**	**$11,434**	**($3,877)**	**$8,727**
Net income (loss)	($1,849)	$10,880	$6,257	$10,621
Adjustments:				
Expenses associated with IPO, tax restructuring, secondary offerings and one-time incentive cash bonuses	-	307	708	3,007
Stock-based compensation expense	710	426	2,167	24,103
Expenses associated with retirement of debt	-	-	-	1,297
Expenses associated with catastrophe bond	-	-	399	-
Less: Tax impact	(130)	(155)	(664)	(1,149)
Adjusted net income	**($1,269)**	**$11,458**	**$8,867**	**$37,879**
Annualized adjusted net income (loss)	($5,076)	$45,832	$8,867	$37,879
Average stockholders' equity	$362,804	$213,509	$291,135	$157,424
Annualized adjusted return on equity	**(1.4%)**	**21.5%**	**3.0%**	**24.1%**

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Reconciliation Of Non-GAAP Metrics Used In This Presentation

In Thousands	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Numerator: Sum of Losses & LAE, acquisition expenses, and other underwriting expenses, net of commission and other income	$43,898	$19,554	$158,945	$91,480
Denominator: Net earned premiums	$38,922	$30,988	$155,068	$100,207
Combined Ratio	**112.8%**	**63.1%**	**102.5%**	**91.3%**
Adjustments to numerator:				
Expenses associated with IPO, tax restructuring, secondary offerings, and one-time incentive cash bonuses	-	($307)	($708)	($3,007)
Stock-based compensation expense	(710)	(426)	(2,167)	(24,103)
Portion of expenses associated with retirement of debt classified as other underwriting expenses	-	-	-	(897)
Expenses associated with catastrophe bond	-	-	(399)	-
Adjusted combined ratio	**110.0%**	**60.7%**	**100.4%**	**63.3%**
Adjusted net income (loss)	($1,269)	$11,458	$8,867	$37,879
Weighted-average common shares outstanding, diluted	25,250,111	24,092,325	25,598,647	21,834,934
Diluted adjusted earnings per share	**($0.05)**	**$0.48**	**$0.35**	**$1.73**
Numerator: Losses and Loss adjustment expenses	$17,214	$2,195	$64,115	$5,593
Denominator: Net earned premiums	$38,922	$30,998	$155,068	$100,207
Loss ratio	**44.2%**	**7.1%**	**41.3%**	**5.6%**
Numerator: Catastrophe losses	$14,474	-	$50,986	-
Denominator: Net earned premiums	$38,922	$30,988	$155,068	$100,207
Catastrophe loss ratio	**37.2%**	**0.0%**	**32.9%**	**0.0%**

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Reconciliation Of Non-GAAP Metrics Used In This Presentation

In Thousands	Three Months end December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Numerator: Sum of losses and loss adjustment expenses, acquisition expenses, and other underwriting expenses, net of commission and other income	$43,898	$19,554	$158,945	$91,480
Denominator: Net earned premiums	$38,922	$30,988	$155,068	$100,207
Combined ratio	**112.8%**	**63.1%**	**102.5%**	**91.3%**
Adjustments to numerator:				
Expenses associated with IPO, tax restructuring, secondary offerings, and one-time incentive cash bonuses	-	($307)	($708)	($3,007)
Stock-based compensation expense	(710)	(426)	(2,167)	(24,103)
Portion of expenses associated with retirement of debt classified as other underwriting expenses	-	-	-	(897)
Expenses associated with catastrophe bond	-	-	(399)	-
Catastrophe losses	(14,474)	-	(50,986)	-
Adjusted combined ratio excluding catastrophe losses	**73.8%**	**60.7%**	**67.5%**	**63.3%**
Net income (loss)	($1,849)	$10,880	$6,257	$10,621
Adjustments:				
Expenses associated with IPO, tax restructuring, secondary offerings, and one-time incentive cash bonuses	-	307	708	3,007
Stock-based compensation expense	710	426	2,167	24,103
Expenses associated with retirement of debt	-	-	-	1,297
Expenses associated with catastrophe bond	-	-	399	-
Tax impact	(130)	(155)	(664)	(1,149)
Adjusted net income	**($1,269)**	**$11,458**	**$8,867**	**$37,879**

Theoretical Net Written Premium vs Net Earned Premium

The yellow highlighted sections show the calculation of Ceded XOL on a written and earned basis. The Ceded XOL on a written basis and on an earned basis are calculated the same.

Assumptions:	**Year 1**				**Year 2**				**Year 3 Q1-Q2**		**Year 3 Q3-Q4**				
Ceded Quota Share %	10%				10%				10%		10%				
XOL Annual Expense	8,000				10,000				12,000		22,000				
	Year 1 Q1	**Year 1 Q2**	**Year 1 Q3**	**Year 1 Q4**	**Year 2 Q1**	**Year 2 Q2**	**Year 2 Q3**	**Year 2 Q4**	**Year 3 Q1**	**Year 3 Q2**	**Year 3 Q3**	**Year 3 Q4**	**Year 1**	**Year 2**	**Year 3**
Gross written premium	5,000	5,000	5,000	5,000	6,000	9,000	9,000	8,000	8,000	20,000	14,000	15,000	20,000	32,000	57,000
Ceded written premium QS	(500)	(500)	(500)	(500)	(600)	(900)	(900)	(800)	(800)	(2,000)	(1,400)	(1,500)	(2,000)	(3,200)	(5,700)
Ceded written premium XOL	(2,000)	(2,000)	(2,000)	(2,000)	(2,500)	(2,500)	(2,500)	(2,500)	(3,000)	(3,000)	(5,500)	(5,500)	(8,000)	(10,000)	(17,000)
Net written premium	2,500	2,500	2,500	2,500	2,900	5,600	5,600	4,700	4,200	15,000	7,100	8,000	10,000	18,800	34,300
Ceded WP / GWP	-50%	-50%	-50%	-50%	-52%	-38%	-38%	-41%	-48%	-25%	-49%	-47%	-50%	-41%	-40%
NWP / GWP	50%	50%	50%	50%	48%	62%	62%	59%	53%	75%	51%	53%	50%	59%	60%
QoQ Change in Ceded WP/GWP		0%	0%	0%	-2%	14%	0%	-3%	-6%	23%	-24%	3%		9%	1%
Gross earned premium	625	1,875	3,125	4,375	5,125	5,750	6,750	7,625	8,250	9,875	11,875	13,375	10,000	25,250	43,375
Ceded earned premium QS	(63)	(188)	(313)	(438)	(513)	(575)	(675)	(763)	(825)	(988)	(1,188)	(1,338)	(1,000)	(2,525)	(4,338)
Ceded earned premium XOL	(2,000)	(2,000)	(2,000)	(2,000)	(2,500)	(2,500)	(2,500)	(2,500)	(3,000)	(3,000)	(5,500)	(5,500)	(8,000)	(10,000)	(17,000)
Net earned premium	(1,438)	(313)	813	1,938	2,113	2,675	3,575	4,363	4,425	5,888	5,188	6,538	1,000	12,725	22,038
Ceded EP / GEP	-330%	-117%	-74%	-56%	-59%	-53%	-47%	-43%	-46%	-40%	-56%	-51%	-90%	-50%	-49%
NEP / GEP	-230%	-17%	26%	44%	41%	47%	53%	57%	54%	60%	44%	49%	10%	50%	51%
QoQ Change in Ceded EP/GEP		213%	43%	18%	-3%	5%	6%	4%	-4%	6%	-16%	5%		40%	0%
Diff Ceded EP/GEP & Ceded WP/GWP	-280%	-67%	-24%	-6%	-7%	-16%	-9%	-2%	1%	-15%	-7%	-4%	-40%	-8%	-9%

The blue highlighted cells represent the change in Ceded EP/GEP on a sequential quarter over quarter basis in periods that we have increased our XOL limit and cost. XOL reinsurance purchases allow us to grow into the limit that we buy over the life of those contracts. We start expensing the XOL immediately when the new contracts go into effect. Assuming our GEP will continue to grow, our Ceded EP/GEP ratio at the beginning of any given contract represents the highest Ceded EP/GEP for that contract.

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Theoretical Net Written Premium vs Net Earned Premium

This example represents flat written premium with no changes to XOL reinsurance expense. With flat written premium the difference between net written and earned premium only exists in Year 1 when the earned premium is building to steady state. Once the earned premium reaches steady state the net written and earned are the same.

Assumptions:	**Year 1**				**Year 2**				**Year 3 Q1-Q2**		**Year 3 Q3-Q4**				
Ceded Quota Share %	10%				10%				10%		10%				
XOL Annual Expense	8,000				8,000				8,000		8,000				
	Year 1 Q1	**Year 1 Q2**	**Year 1 Q3**	**Year 1 Q4**	**Year 2 Q1**	**Year 2 Q2**	**Year 2 Q3**	**Year 2 Q4**	**Year 3 Q1**	**Year 3 Q2**	**Year 3 Q3**	**Year 3 Q4**	**Year 1**	**Year 2**	**Year 3**
Gross written premium	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	20,000	20,000	20,000
Ceded written premium QS	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(2,000)	(2,000)	(2,000)
Ceded written premium XOL	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(8,000)	(8,000)	(8,000)
Net written premium	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	10,000	10,000	10,000
Ceded WP / GWP	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%
NWP / GWP	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
QoQ Change in Ceded WP/GWP		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		0%	0%
Gross earned premium	625	1,875	3,125	4,375	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	10,000	20,000	20,000
Ceded earned premium QS	(63)	(188)	(313)	(438)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(1,000)	(2,000)	(2,000)
Ceded earned premium XOL	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(8,000)	(8,000)	(8,000)
Net earned premium	(1,438)	(313)	813	1,938	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	1,000	10,000	10,000
Ceded EP / GEP	-330%	-117%	-74%	-56%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-50%	-90%	-50%	-50%
NEP / GEP	-230%	-17%	26%	44%	50%	50%	50%	50%	50%	50%	50%	50%	10%	50%	50%
QoQ Change in Ceded EP/GEP		213%	43%	18%	6%	0%	0%	0%	0%	0%	0%	0%		40%	0%
Diff Ceded EP/GEP & Ceded WP/GWP	-280%	-67%	-24%	-6%	0%	0%	0%	0%	0%	0%	0%	0%	-40%	0%	0%

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