

PLMR

Palomar Holdings, Inc.

A Specialty Insurer Built Different

*"Best-in-class combined ratio. 46% earnings CAGR.
And the market still hasn't fully noticed."*

Cincinnati Model Investment Club · CinMIC · August 2026



Company Profile

TRACK RECORD OF DELIVERING STRONG GROWTH AND CONTINUED PROFITABILITY



Leading specialty insurer with a portfolio intentionally designed to perform through all cycles



Balanced mix of admitted & E&S, residential & commercial property and casualty products



Diversified growth engine anchored by Earthquake and strengthened by growing Casualty, Inland Marine & Property, Crop and Surety & Credit platforms



Purpose built risk transfer strategy and reinsurance approach enabling earnings stability and growth



Experienced management team committed to PLMR 2X — doubling adjusted net income every 3–5 years while sustaining ROE above 20%



AM Best rated "A" (Excellent) & Financial Size Category XI ⁽¹⁾

SECOND QUARTER HIGHLIGHTS ⁽²⁾

- ✓ Gross written premium (GWP) of \$630.5M; 27% YoY growth
- ✓ Adjusted net income of \$63.8M, 31% YoY growth
- ✓ Adjusted return on equity of 26%
- ✓ Adjusted combined ratio of 77%
- ✓ 15 consecutive quarters of beating consensus adjusted EPS
- ✓ Successfully executed June 1st reinsurance renewal; \$3.92 billion of total Earthquake limit
- ✓ Repurchased 368.7K shares for \$41.0M
- ✓ Announced first quarterly dividend of \$0.45 per share, payable September 2, 2026
- ✓ Raised full year adjusted net income guidance: \$270M - \$280M

1. Includes PSIC, PESIC, FIA and Palomar Re.

2. This slide contains non-GAAP metrics. See GAAP reconciliation in the Appendix.

Company Snapshot

Palomar Holdings (NASDAQ: PLMR)

Who They Are

Founded:	2013 · IPO April 2019
HQ:	La Jolla, California
Focus:	Specialty P&C Insurance
Rating:	AM Best "A" (Excellent)
Employees:	~350
CEO:	Mac Armstrong (since founding)
Strategy:	PLMR 2X — double earnings every 3-5 yrs
Dividend:	\$0.45/qtr (first ever, Aug 2026)

Q2 2026 Highlights

**\$630.5
M**

Gross Written Premium

+27% year-over-year

\$63.8M

Adjusted Net Income

+31% year-over-year

26%

Adjusted Return on Equity

Target: above 20%

77%

Adjusted Combined Ratio

Below 100% = profitable underwriting

Industry Background: Why Specialty Insurance?

Standard / Admitted Insurance

Think: Allstate, State Farm, Progressive

Heavily regulated

Rates must be approved state-by-state — slow to react to risk changes

Commodity product

Thin margins; compete mainly on price

Must accept certain risks

Regulators mandate coverage minimums — can't always say no

Combined ratios typically 95–105%

VS

Specialty / E&S Insurance

Think: Palomar, Kingsway, RLI

Flexible pricing

E&S carriers set their own rates — respond instantly to risk shifts

Niche expertise

Earthquake, crop, marine — risks standard carriers won't touch

Can decline bad risks

No obligation to insure — underwrite only what's profitable

Combined ratios can reach 70–85%

Key Insurance Metrics — What to Watch

PLMR's own scorecard

Combined Ratio

Loss Ratio + Expense Ratio

The single most important underwriting metric. Below 100% means the company makes money from insurance before investing a dollar. PLMR: 77% — exceptional.

PLMR: 77% · Lower is better

Gross Written Premium

GWP

Total premiums written before handing any off to reinsurers. Shows top-line growth and market reach. Does not equal revenue.

PLMR: \$2.0B (2025) · Growth trend matters

Loss Ratio

Claims Paid ÷ Net Earned Premium

What percent of premium goes to paying claims. Lower = better underwriting discipline. PLMR runs mid-30s — well below the 60–70% typical for standard insurers.

PLMR: ~35% (2025) · Lower is better

Return on Equity (ROE)

Net Income ÷ Shareholders' Equity

How efficiently the company generates profit from its capital base. PLMR's 2X goal: maintain ROE above 20%. Q2 2026: 26%.

PLMR: 26% (Q2 2026) · Higher is better

Net Earned Premium Ratio

NEP ÷ Gross Earned Premium

Shows how much premium PLMR keeps after ceding to reinsurers. Lower ratio = more risk transferred. PLMR's ratio drops sharply in Q3 due to Crop seasonality.

PLMR: ~48% (typical) · Context-dependent

Investment Leverage

Investment Portfolio ÷ Equity

How much invested assets the company runs per dollar of equity. PLMR at 1.6x — conservative, but growing as the balance sheet scales. Drives investment income.

PLMR: 1.6x · Higher = more income

Business Model: How Palomar Makes Money

1. Underwriting Profit

Write specialty policies at premiums that exceed claims + expenses. The combined ratio measures this. At 77%, Palomar earns \$0.23 of underwriting profit for every \$1 of premium — before touching investment returns.

77% combined ratio

2. Reinsurance Engineering

Transfer catastrophic tail risk to reinsurers and cat bond investors. Keep the steady, predictable premium profit. \$3.92B of earthquake coverage limits PLMR's max loss to \$20M per event. This is how you write earthquake insurance without blowing up.

\$3.92B eq. coverage

3. Investment Income

Premium collected sits in a \$1.6B investment portfolio before claims are paid — the insurance "float." PLMR runs a conservative, high-quality book (avg. "A1/A+" credit quality) yielding 4.9%. As the portfolio scales, this becomes a meaningful second earnings engine.

\$1.6B portfolio · 4.9% yield

Portfolio: Five Lines of Business

Diversified by design — no single line dominates

Q2 2026
GWP Mix

\$630.5M

Total GWP

+27%
year over year

52% E&S · 48% Admitted
51% Commercial · 49% Residential

*Balanced mix of
channel & risk type*

31%

Casualty

Professional liability, excess casualty, specialty liability. Fastest-growing segment.

27%

Inland Marine & Prop.

Construction, builders risk, commercial property, high-value goods in transit.

23%

Earthquake

Founding franchise. Deep expertise. \$3.92B reinsurance tower. Most standard carriers won't touch this.

12%

Crop

USDA federal crop insurance program. Highly seasonal (Q3 peak). PLMR.Farm AI platform.

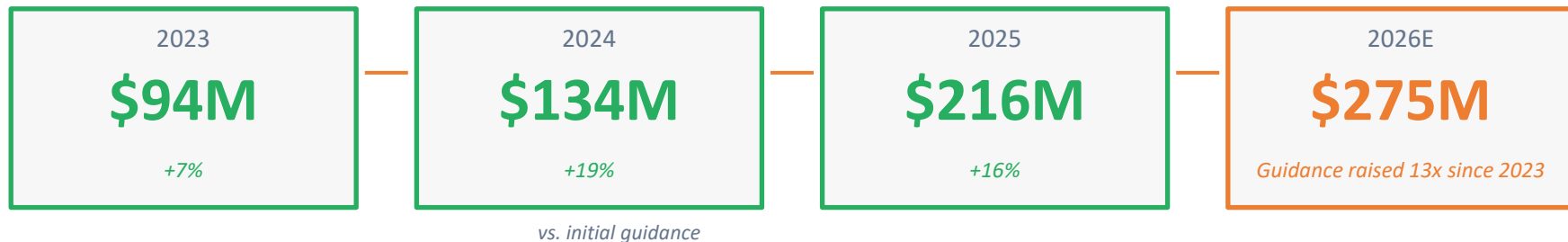
6%

Surety & Credit

Performance bonds + trade credit. Gray Casualty acquisition (2026) doubled scale here.

The PLMR 2X Strategy: Double or Nothing

The Commitment: Double adjusted net income every 3-5 years · Sustain ROE above 20% · Compound shareholder value



How they're achieving it:

Larger line sizes

Bigger balance sheet = write larger individual risks = more premium per policy without more headcount

Reinsurance margin expansion

As the cat bond program grows, reinsurance costs per dollar of coverage improve

Investment leverage

Larger premium base = larger float = more investment income — a self-reinforcing compounding engine

Gray Surety integration

2026 acquisition immediately adds scale and recurring earnings to the Surety & Credit platform

What Makes PLMR Different: "One-of-One"

1

Earthquake Franchise

Standard carriers exclude earthquake damage from homeowner policies. Palomar built deep expertise — pricing models, claims handling, reinsurance relationships — that took a decade to build and is nearly impossible to replicate quickly.

Moat: Expertise + relationships

2

Reinsurance as a Weapon

100+ reinsurers, quota shares, excess-of-loss towers, AND multi-year cat bonds (Torrey Pines Re). Most specialty insurers use reinsurance defensively. Palomar uses it to enable aggressive top-line growth while keeping the balance sheet stable.

Moat: Structured risk transfer

3

Tech-Forward Underwriting

PASS (Palomar Automated Submission System) processes applications at speed. AI underwriting workbench for property. PLMR.Farm for crop policy administration. Real-time portfolio monitoring. Not just marketing — these are competitive advantages in speed and pricing accuracy.

Moat: AI + data edge

4

Execution Track Record

15 consecutive quarters beating consensus EPS. Guidance raised 13 times since 2023. Beat initial annual guidance three years in a row. In insurance, consistency is rare — cat events, reserve surprises, and reinsurance costs all create unpredictability. PLMR has managed through all of it.

Moat: Management credibility

Financial Performance: The Numbers Tell the Story

46%

ANI CAGR
2023–2026E

\$275M

2026 Adjusted
Net Income (est.)

26%

Adjusted ROE
Q2 2026

77%

Combined Ratio
(vs. peers at 90–103%)

Metric	2023	2024	2025	2026E	CAGR
Gross Written Premium	\$1.14B	\$1.54B	\$2.03B	~\$2.3B+	+26%
Adjusted Net Income	\$94M	\$134M	\$216M	\$275M	+46%
Adjusted ROE	14%	22%	25%	26%+	—
Adjusted Combined Ratio	76%	73%	73%	mid-70s	—

15 consecutive quarters beating consensus EPS · Guidance raised 13x since 2023 · First quarterly dividend: \$0.45/share (Aug 2026)

SWOT Analysis: Palomar Holdings

STRENGTHS

- Best-in-class combined ratio (77%) vs. peers at 90–103%
- 46% ANI CAGR — consistently beating own targets
- Earthquake expertise is a decade-long moat
- Reinsurance structure caps catastrophic downside
- Tech-forward: PASS, AI underwriting, PLMR.Farm
- Management credibility: 15 quarters of EPS beats

WEAKNESSES

- Earthquake concentration = binary headline risk
- Crop business creates lumpy Q3 earnings volatility
- Small cap (\$3.6B) — limited institutional coverage
- 2022 fronting business failure still in memory
- Gray Surety integration risk (new acquisition)
- NEP ratio drops sharply in Q3 — confuses analysts

OPPORTUNITIES

- Climate change → growing demand for specialty/CAT coverage
- Hard insurance market = continued pricing power
- Crop expansion: >\$400M GWP target — large runway
- AI in underwriting → faster, cheaper risk assessment
- Valuation re-rating: 13x vs. peers at 17–22x
- Investment income scales with premium growth

THREATS

- Major California earthquake could stress even the reinsurance tower
- Reinsurance cost inflation reduces net margins
- Larger carriers entering the E&S/specialty space
- Interest rate sensitivity on \$1.6B investment portfolio
- Regulatory changes to USDA crop insurance program
- Growth slowdown risk as the base gets larger

Discussion Questions

Palomar Holdings (PLMR) — Where Do You Stand?

1

The combined ratio of 77% is exceptional. Is this sustainable as Palomar grows into Casualty — a line with longer tails and less predictable losses than Earthquake?

2

The PLMR 2X goal targets doubling from \$275M to ~\$550M. The first doubling was from a small base — is the second as achievable, or does growth slow at scale?

3

Earthquake tail risk: Palomar's net retention is \$20M per event against a \$3.92B tower. Is the structure sound enough to buy — or does the Black Swan scenario still concern you?

4

At 13x 2026 earnings vs. peers at 17–22x, is Palomar genuinely undervalued — or does the earthquake discount and crop volatility justify the gap?