

Safety Insurance Group, Inc. (NASDAQ: SAFT)

December 31, 2024



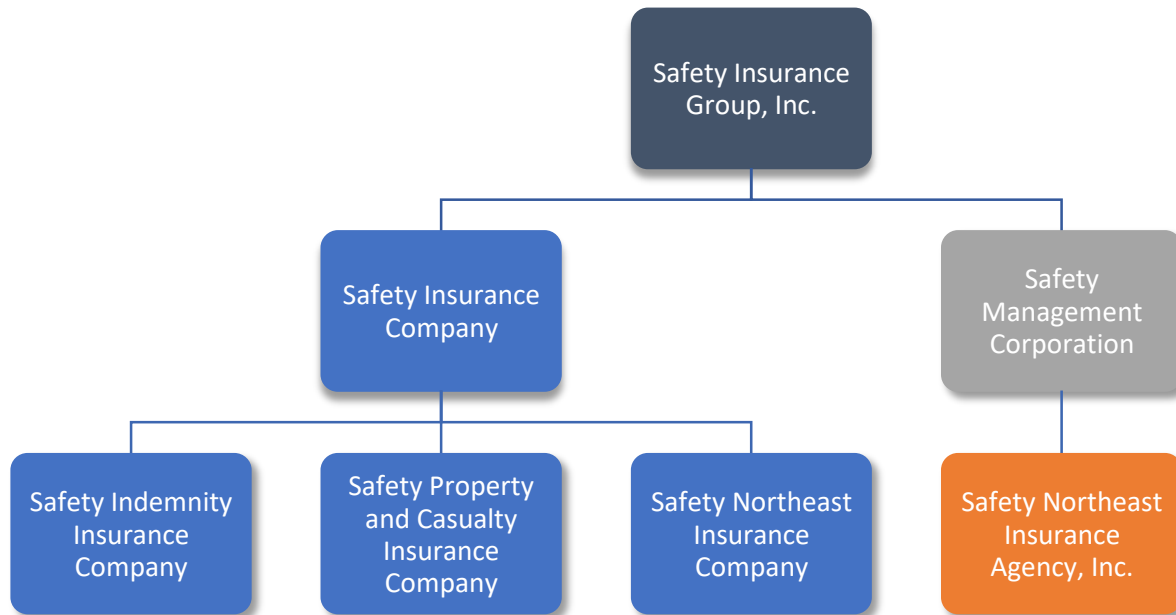
Safety Insurance



Investor Relations

About Safety Insurance

Headquartered in Boston, MA

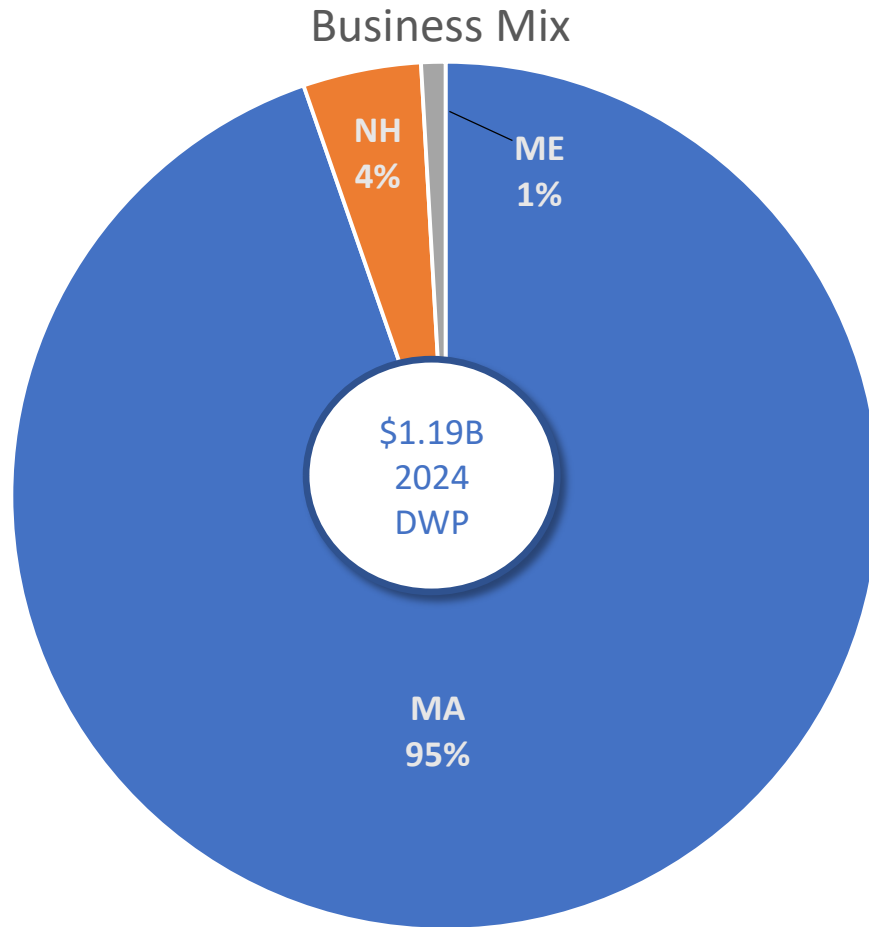


Key Highlights

- Founded in Massachusetts in 1979, became publicly traded in 2001
- Leading provider of Property and Casualty Insurance in Massachusetts, New Hampshire, and Maine
- Began writing insurance in New Hampshire in 2008 and Maine in 2016
- 55th largest automobile writer in the U.S.
- 2nd largest Commercial Auto writer in MA
- 3rd largest Homeowners writer in MA
- 3rd largest Personal Auto writer in MA



Business Overview



Exchange/Ticker	NASDAQ: SAFT
Stock price	\$82.58
Market capitalization	\$1.249
Annual dividend per share	\$3.60
GAAP Equity	\$828M
Equity, excluding net unrealized appreciation (depreciation) on fixed maturity investments, net of tax	\$880M
Total Surplus	\$759M
Book value per share	\$55.83
A.M. Best Rating	A (Excellent) on 6/18/24

Data as of December 31, 2024



Executive Summary

Strategy

- To achieve our goal of increasing shareholder value, our strategy is to maintain and develop strong independent agent relationships by providing our agents and our policyholders with a full package of insurance products and information technology services.

Profitable Growth

- With a focus on growing profitably, a broad set of specialized products and capabilities provides distinct growth opportunities, with emphasis on proactive pricing adjustments and book transfers.

Profitability

- Safety has been profitable in 43 out of 44 years since its inception in 1979. With a disciplined approach to underwriting guidelines coupled with conservative and consistent reserving, Safety is able to maintain a combined ratio that is typically in line with industry averages.

Sustainability

- Building a sustainable organization by focusing on human capital development, enterprise risk management and environmental, social, and governance impact.

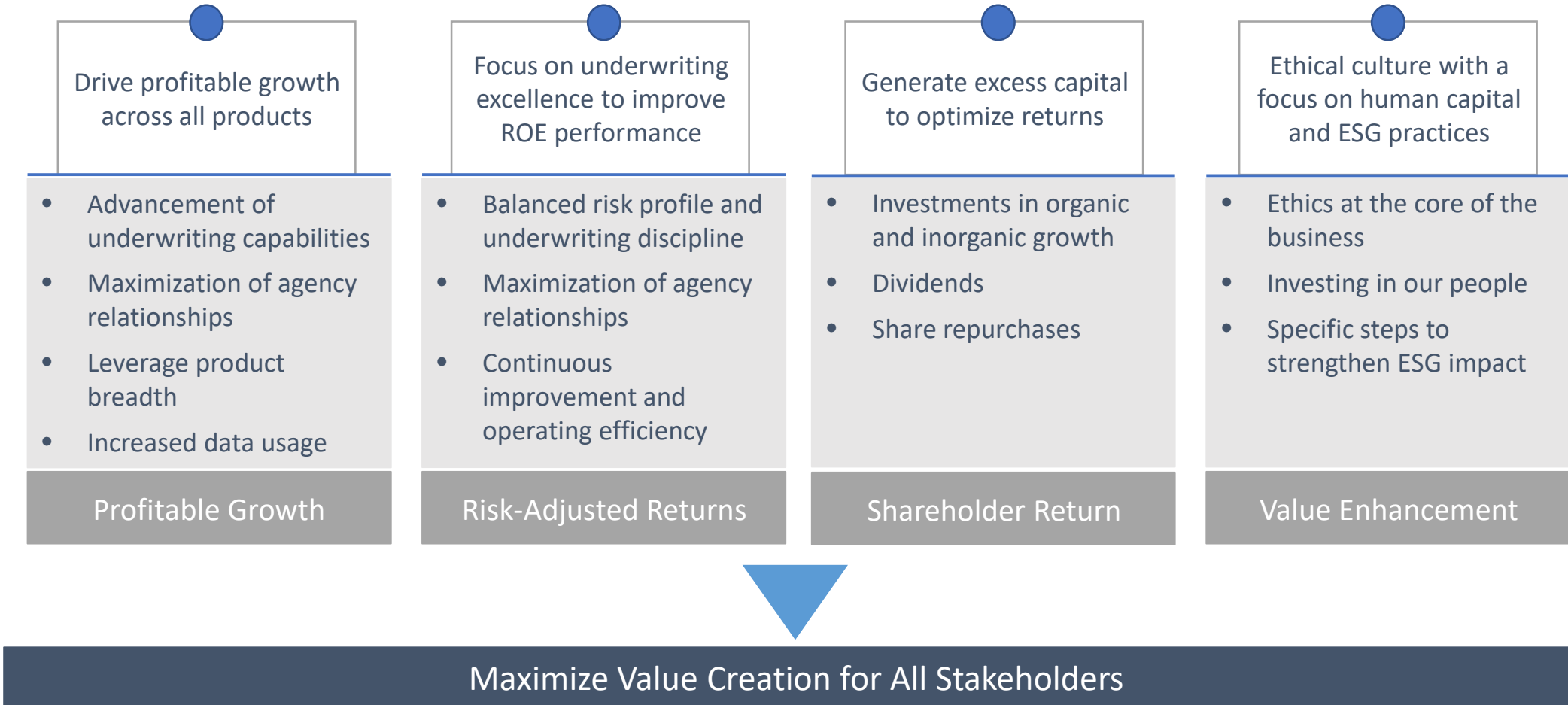
Strategy

Safety Insurance



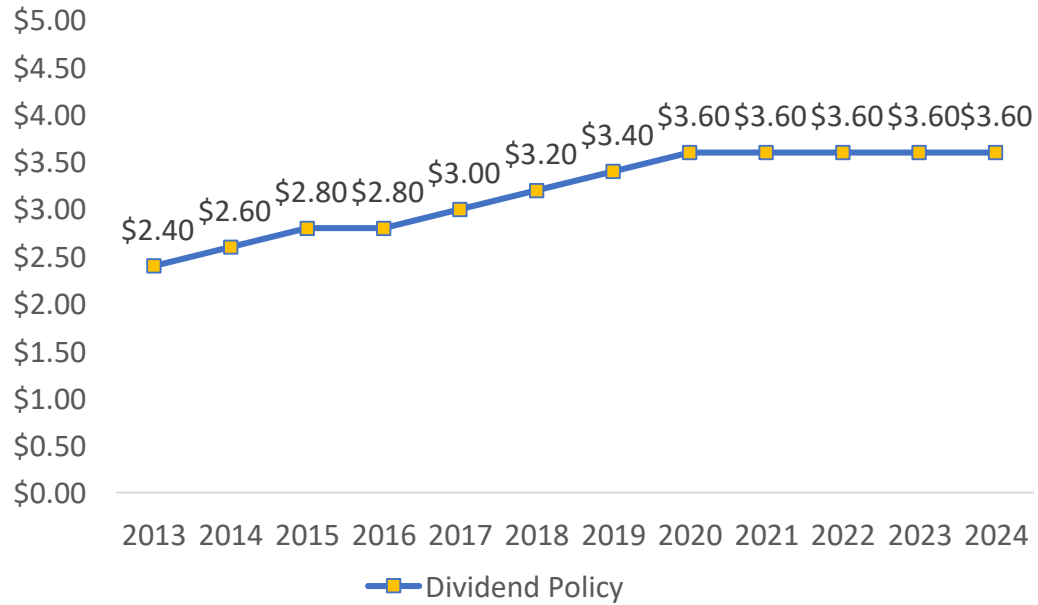
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Creating Shareholder Value

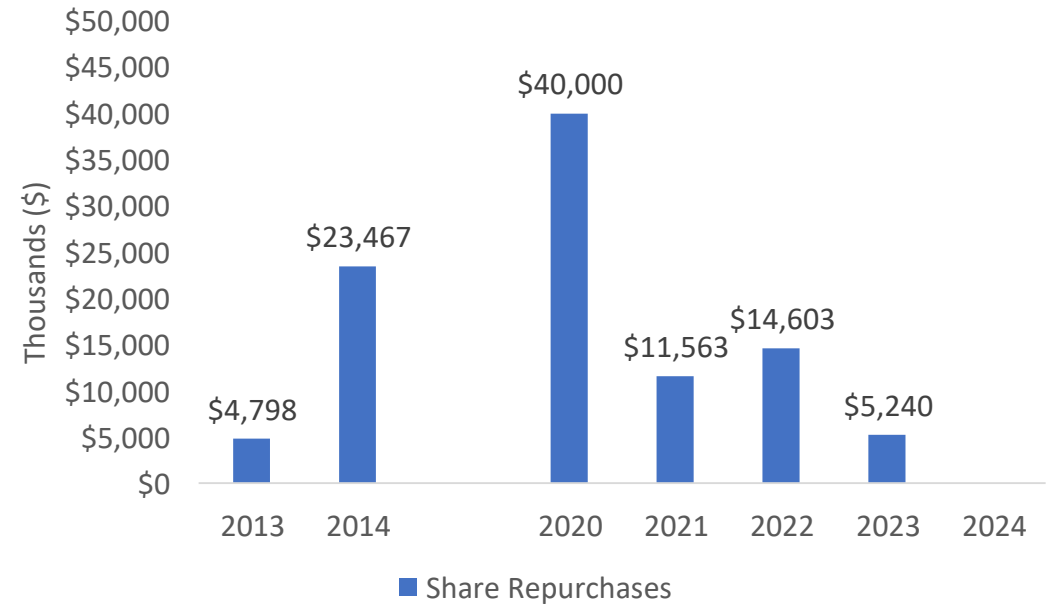


Capital Allocation Activity

Dividend Policy

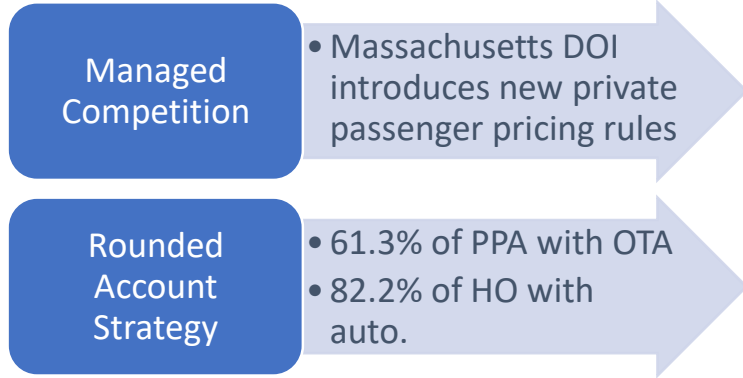
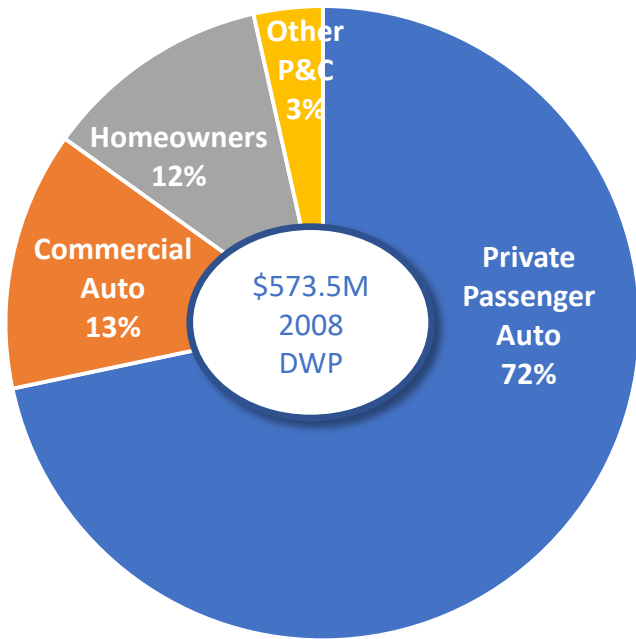


Share Repurchases

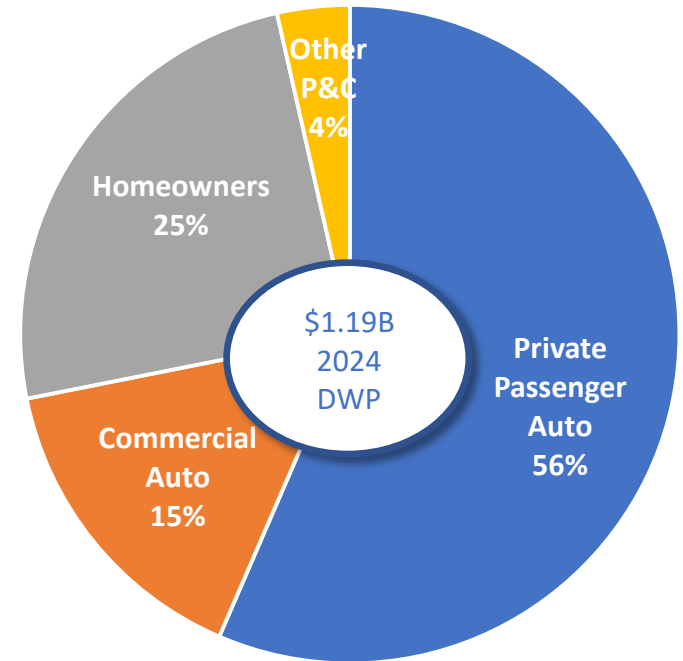


Business Mix

Business Mix - 2008



Business Mix - 2024



Products to Meet the Growing Needs of our Customers

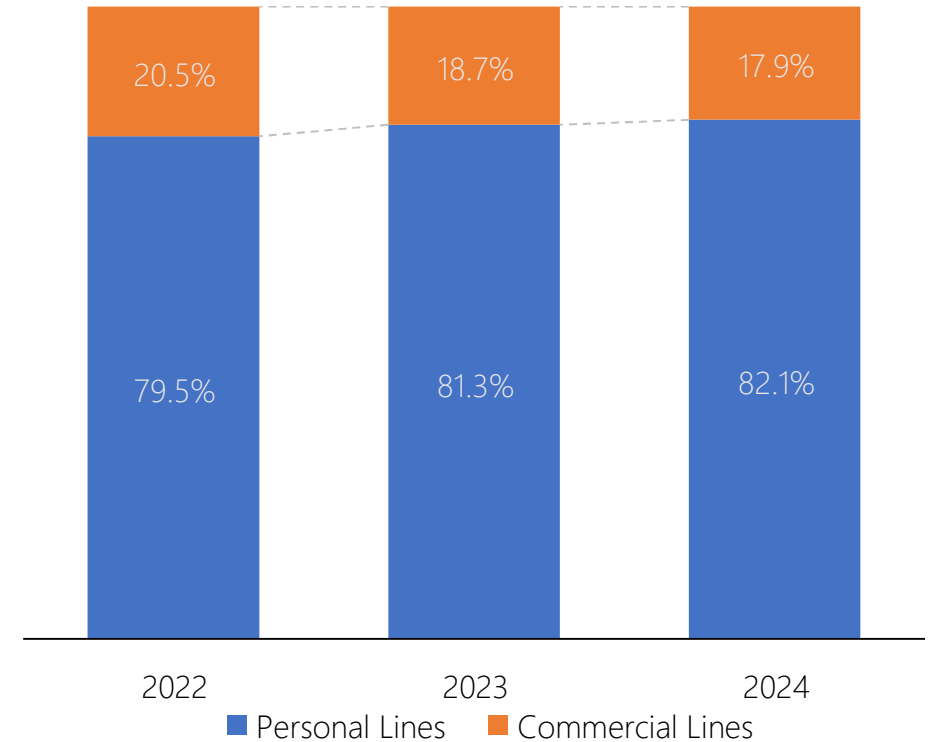
Commercial Lines

Personal Lines

Strategic growth across the portfolio through:
Exceptional **talent & execution** – Deep **underwriting & risk management** expertise – Investments in **claims, data, analytics & digital**

- Dominant regional player in Small Commercial
- Expanding small business offerings to drive growth
- Ease of doing business

- Enhanced endorsements for proper coverage
- Safety Insurance mobile application
- *Drive with Safety*



Safety Insurance



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We Distribute our Products Exclusively Through Independent Agents

Strong Relationships with Independent Agents



Provide them with the tools to fit the needs of their clients



Portfolio of P&C products at competitive prices



Deliver superior service and support



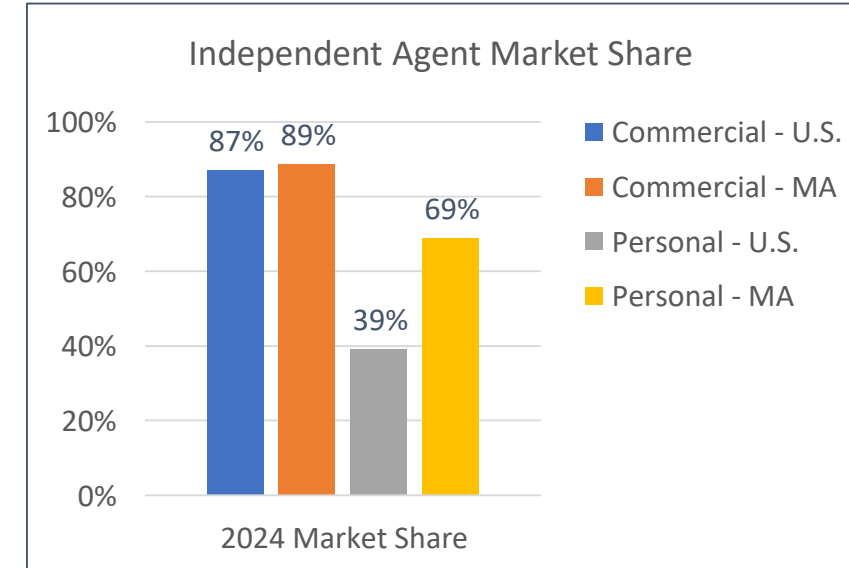
Agent advocacy in insurance buying equation

Why use an Independent Agent?

- ✓ Personalized Service
- ✓ Convenience
- ✓ Licensed Experts
- ✓ Claims Assistance



Safety Insurance
AUTO • HOME • BUSINESS

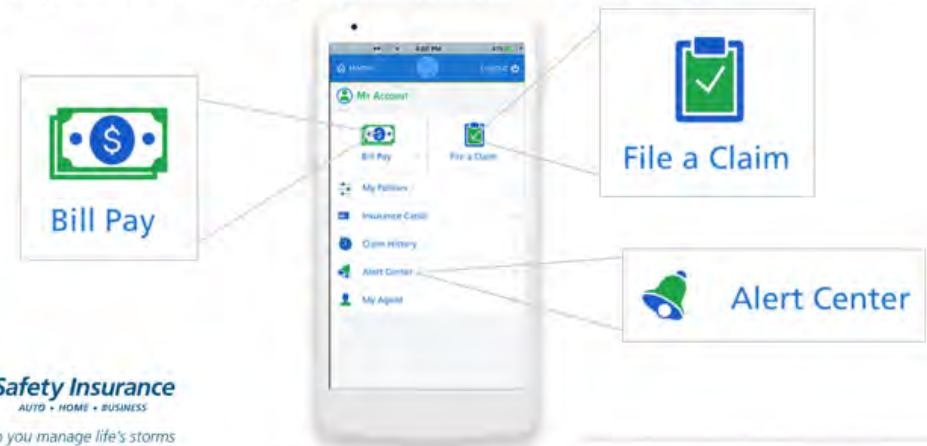


We'll Help You Manage Life's Storms

- ✓ Protecting the assets of the customer
- ✓ Technology investments
- ✓ Innovation Lab
- ✓ Customer engagement initiatives
- ✓ Service Center

Download Safety Mobile

Report a claim, pay your bill or receive alert reminders



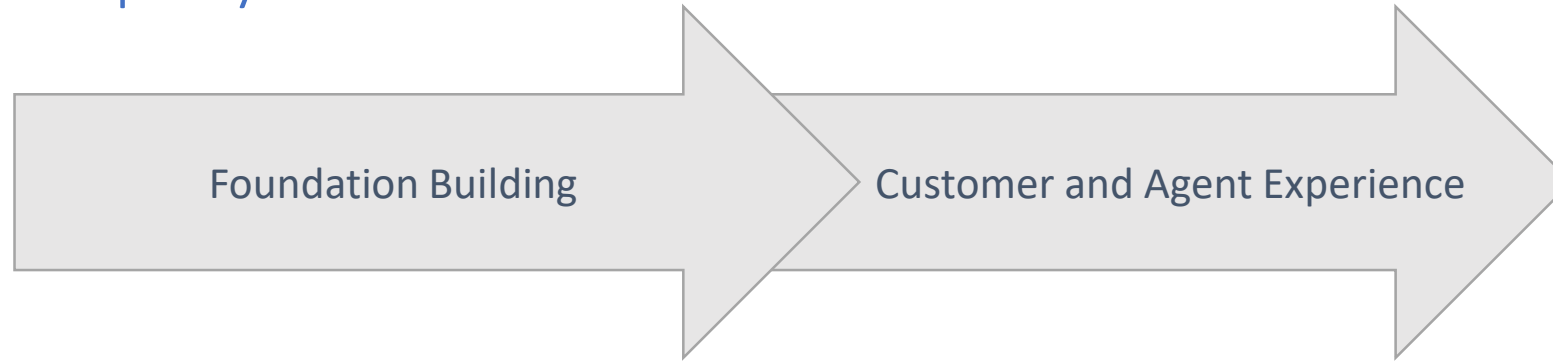
Powerful Multi-Media Marketing Campaign Targeting Desirable Demographics

Multi-media sponsorship across all stations

- 98.5 The Sports Hub
 - Official home of the Patriots, Bruins, Celtics and Revolution
- Boston Bruins
 - In-game, web & mobile ads
- CBS Boston
 - Television, Online & Mobile
- Country 102.5
- GBH
 - PBS (Highschool Quiz Show), NPR, Digital & Streaming
- The Parent's – Supervised driving program



Technology Investments to Support the Business Needs of the Company



Invested over **\$20 million** in recent years to upgrade or replace **several core systems** and **applications** within our technology stack:

- *AVC Agent Portal*
- Underwriting platforms
- Smartphone technology
- Cybersecurity
- Claims
- Billing
- General Ledger

Foster a culture of innovative thinking through our ***Innovation Lab*** to:

- Develop tools to enhance independent agent and customer experience
- Monitor InsureTech landscape
- Perform research and proof of concepts
- Leak and freeze monitoring device program
- Initiate pilot projects
- Generative AI and Large Language Models



Profitable Growth

Safety Insurance



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Diligent and Proactive Pricing Approach Leaves us Well Positioned Against Competitors in the Market

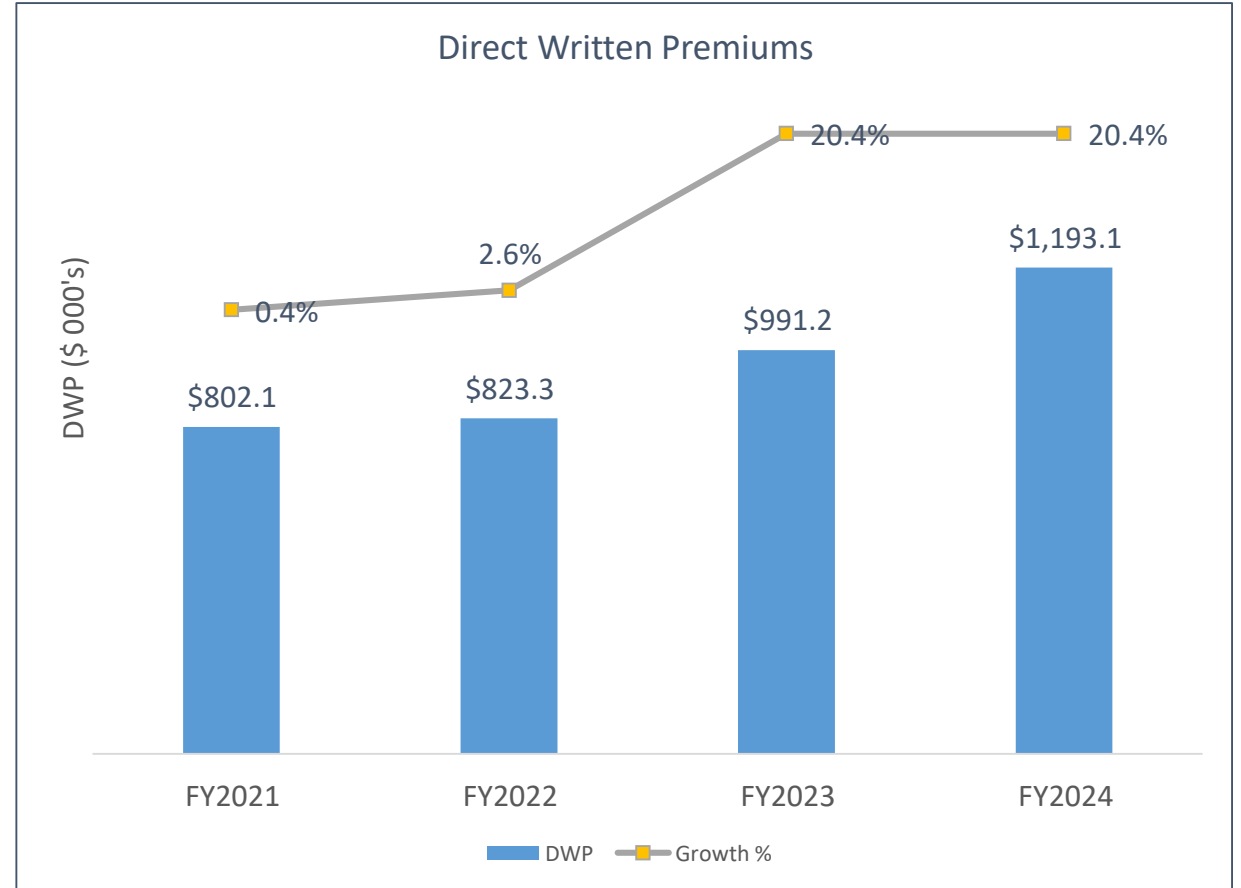
Line of Business	Effective Date	Rate Change
MA Private Passenger Auto	January 1, 2025	5.3%
NH Private Passenger Auto	October 1, 2024	4.4%
NH Commercial Auto	November 1, 2024	9.5%
NH Homeowners	October 1, 2024	7.4%
ME Private Passenger Auto	September 1, 2024	4.4%
NH Private Passenger Auto	April 1, 2024	3.4%
MA Homeowners	August 1, 2024	5.9%
MA Private Passenger Auto	July 1, 2024	4.8%

Focus on Pricing

- ✓ Executive and Senior members from all areas of the Company
- ✓ Market and economic conditions
- ✓ Pricing models
- ✓ Current product offerings
- ✓ Feedback from Independent Agents
- ✓ Competitor pricing actions
- ✓ Regulatory impact



Achieving Profitable Growth



Generating New Revenue and Furthering Industry Insight through Safety Northeast Insurance Agency (acquired Dec. 2022)

What SNIA brings to Safety

- ✓ New and profitable revenue stream of \$8M in commission revenue (on ~\$62M of premium writings)
- ✓ Enhancing our own Service Center offerings by leveraging SNIA best practices and technology
- ✓ Gaining Competitive intelligence on regional and national carriers
- ✓ Access to talent

“This acquisition strengthens our position within the independent agency channel and provides us further insights to enhance our customer initiatives and the services we provide.”

George M. Murphy, President and Chief Executive Officer



Profitability

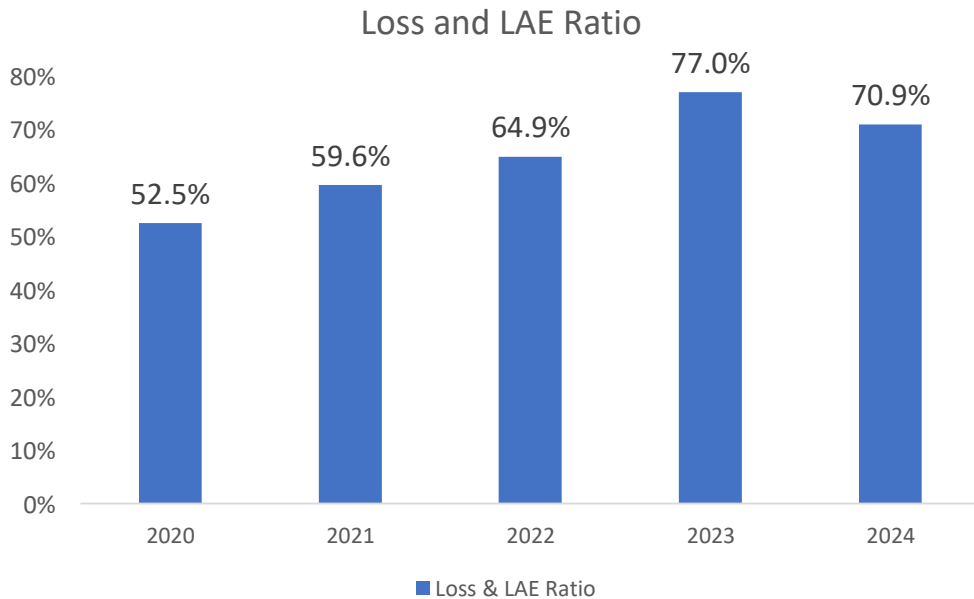
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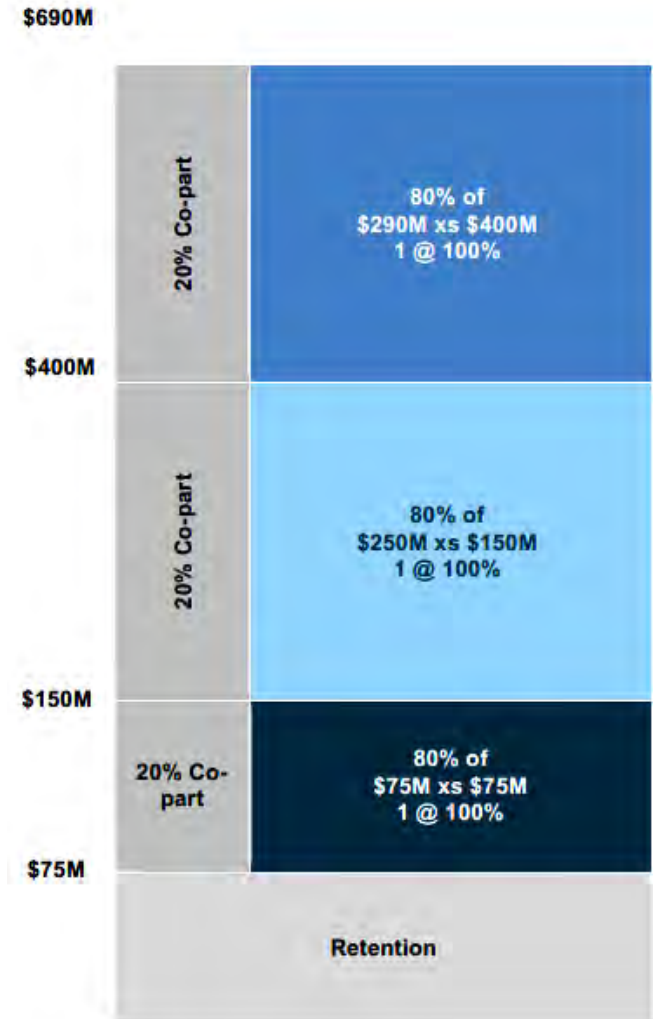
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Disciplined Underwriting and Reserving backstopped by Reinsurance to Protect Profitability

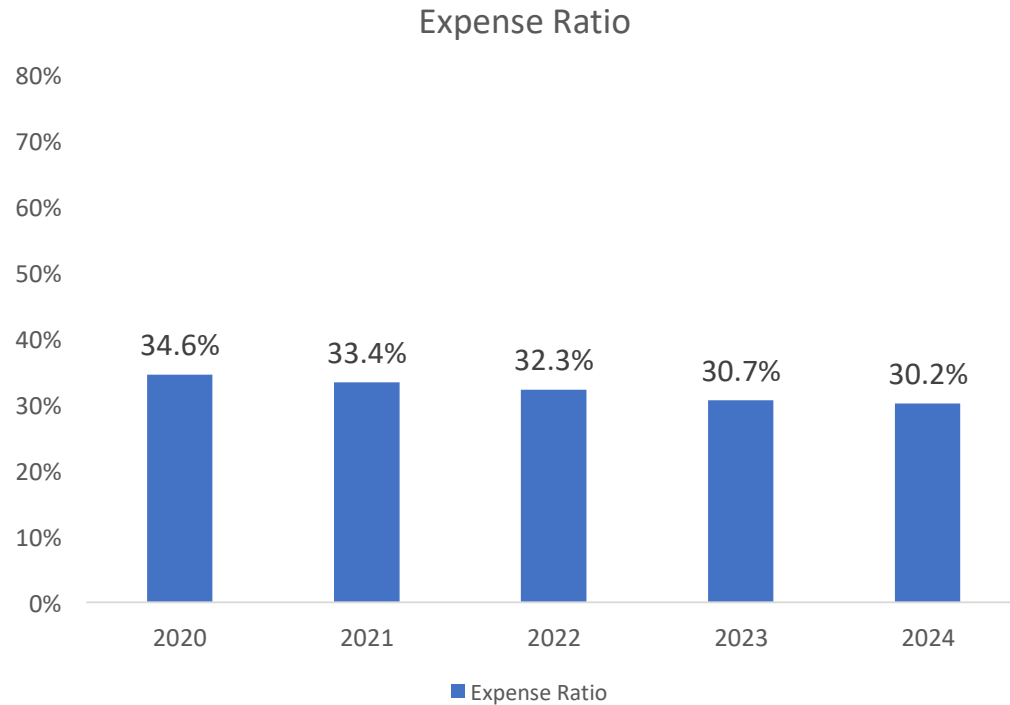
Return to pre-pandemic frequency coupled with ongoing inflationary trends puts upward pressure on Loss and LAE Ratio



Tailored reinsurance coverage to protect profitability and preserve our capital (2024 Program)



Expense Management

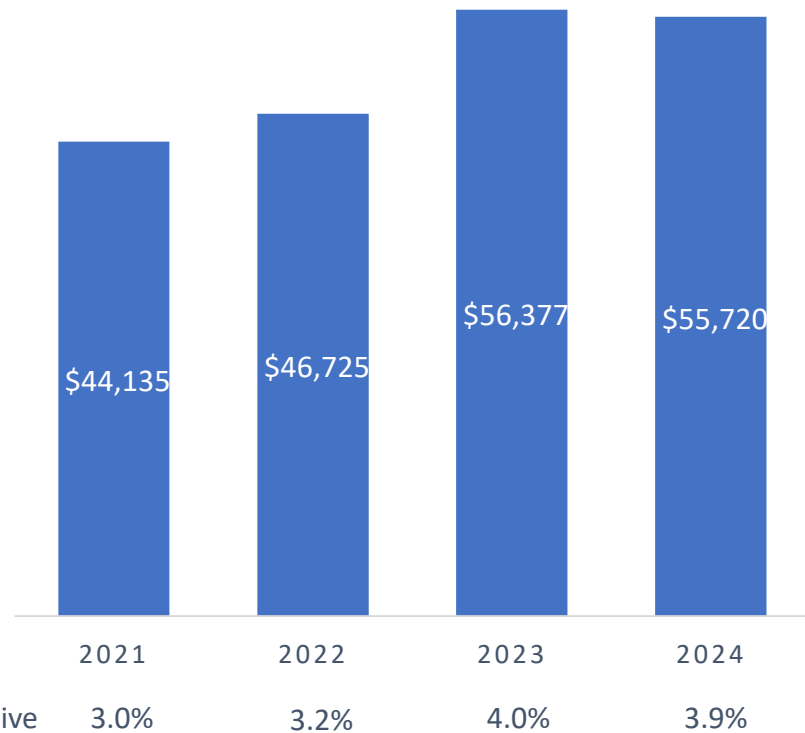


- ✓ Historical expense ratio lower than local peer group
- ✓ Different distribution model as compared to direct writers
- ✓ Impact of contingent commissions
- ✓ Technology impact

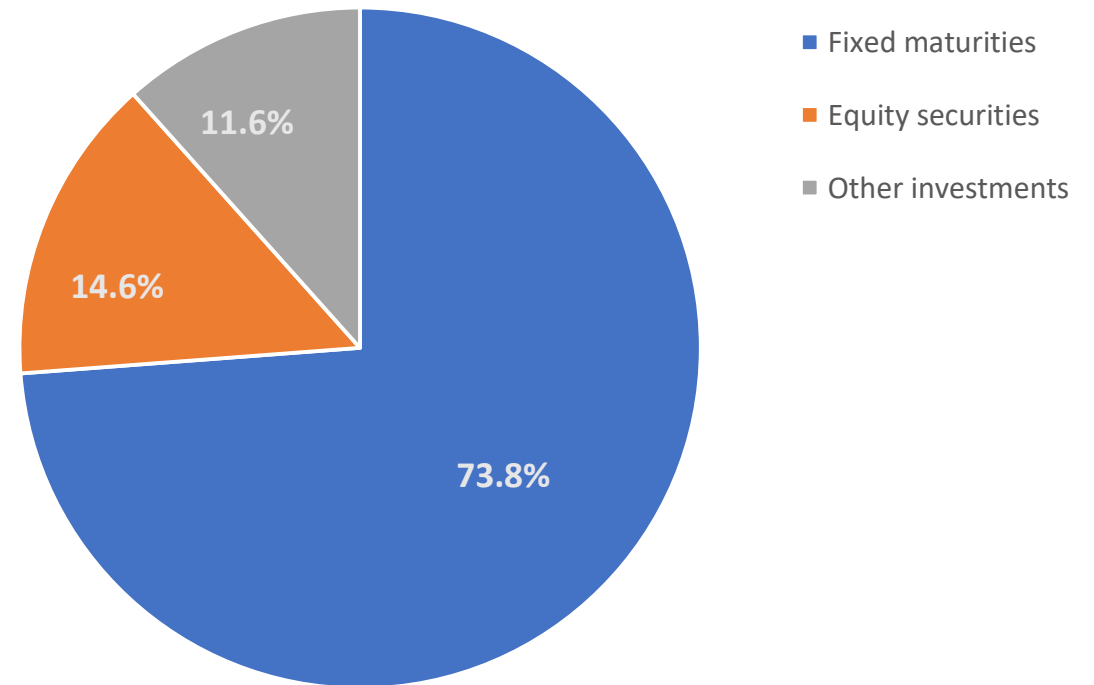


High Quality, Diversified Investment Portfolio

Net Investment Income
(*\$ Thousands*)



Invested Assets by Type: \$1.4 billion



Sustainability

Safety Insurance



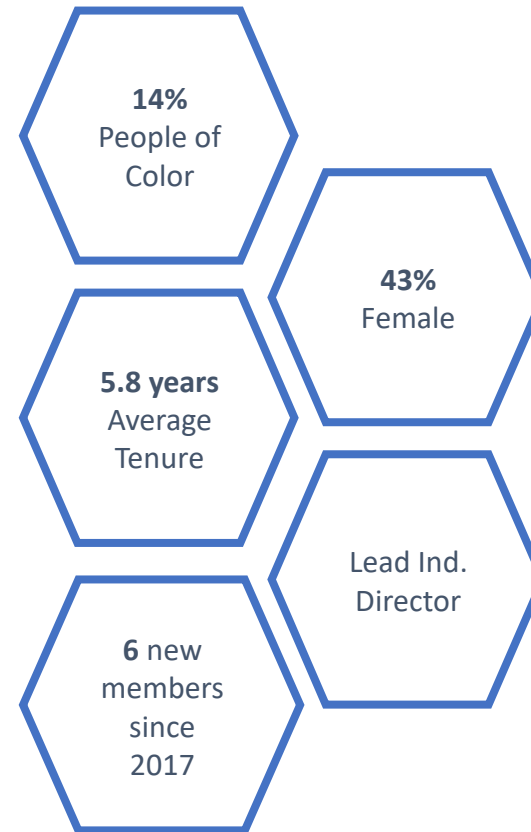
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Our People



Experienced Board Focused on Delivering Sustainable, Long-Term Stakeholder Value Through Strong Governance

Board Member	Selected Experience
George Murphy <i>CEO, Safety Insurance</i>	Safety Insurance
Thalia Meehan <i>Lead Independent Director</i>	Putnam Investments
Mary Moran	Boston Sand and Gravel; MCM Financial Consulting
John Farina	PwC
Deborah Gray	Acquia; Charles River Laboratories
Dennis Langwell	Liberty Mutual Insurance
Charles Brophy	HUB International



Collective Expertise

- ✓ P&C Insurance
- ✓ Financial Services
- ✓ Finance / Accounting / Tax
- ✓ Investments / Capital Markets
- ✓ Legal / Regulatory
- ✓ Technology
- ✓ Senior Management and Talent Development
- ✓ Information Security
- ✓ Risk Management
- ✓ ESG
- ✓ Operations
- ✓ Marketing and Distribution
- ✓ Governance



Our Commitment to ESG

- We believe that Safety Insurance has a responsibility to both its stakeholders and the environment in which it operates, and that the effective management of Environmental, Social and Governance (ESG) issues will help drive the continued success of the business. To that end, Safety Insurance is committed to developing environmentally and socially-conscious solutions for our employees, our community, our investors and our independent agency partners and policyholders
- [Environmental, Social and Governance Report \(safetyinsurance.com\)](https://www.safetyinsurance.com)



Forward-Looking Statements

Certain statements in this document and comments made by management may be “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995.

Forward-looking statements might include one or more of the following, among others:

- Projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items;
- Descriptions of plans or objectives of management for future operations, products or services;
- Forecasts of future economic performance, liquidity, need for funding and income;
- Legal and regulatory commentary;
- Descriptions of assumptions underlying or relating to any of the foregoing; and
- Future performance of credit markets.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “aim,” “projects,” or words of similar meaning and expressions that indicate future events and trends, or future or conditional verbs such as “will,” “would,” “should,” “could,” or “may.” All statements that address expectations or projections about the future, including statements about the Company’s strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements.

Forward-looking statements are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties. There are several factors, many of which are beyond our control, that could cause actual future conditions, events, results or trends to differ significantly and/or materially from historical results or those projected in the forward-looking statements. These factors include but are not limited to:

- The competitive nature of our industry and the possible adverse effects of such competition;
- Conditions for business operations and restrictive regulations in Massachusetts;
- The possibility of losses due to claims resulting from severe weather;
- The impact of inflation and supply chain delays on loss severity;
- The possibility that the Commissioner may approve future rule changes that change the operation of the residual market;
- The possibility that existing insurance-related laws and regulations will become further restrictive in the future;
- Our possible need for and availability of additional financing, and our dependence on strategic relationships, among others;
- Other risks and factors identified from time to time in our reports filed with the SEC. Refer to Part I, Item 1A — Risk Factors.

Some other factors, such as market, operational, liquidity, interest rate, equity and other risks, are described elsewhere in this Annual Report on Form 10-K. Factors relating to the regulation and supervision of our Company are also described or incorporated in this report. There are other factors besides those described or incorporated in this report that could cause actual conditions, events or results to differ from those in the forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We do not undertake any obligation to update publicly or revise any forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

