

NI Holdings, Inc.

NI Holdings, Inc. (NODK)
Financial Supplement as of December 31, 2019

The Company has five reportable segments:

Private Passenger Auto: provides protection against liability for bodily injury and property damage arising from automobile accidents and protection against loss from damage to automobiles owned by the insured.

Non-Standard Auto: provides limited protection auto insurance for both bodily injury and property damage.

Home and Farm: provides coverage for damage to buildings, equipment, and contents for a variety of perils, including fire, lightning, wind, hail, and theft; also covers liability arising from injury to other persons or their property while on insured's premises.

Crop: provides multi-peril crop and crop hail insurance. Multi-peril crop is a federal insurance program to provide protection against a variety of potential damages to crops, including both weather and non-weather causes. Crop hail is private coverage to provide protection against losses to crops due primarily to hail damage.

All Other: includes commercial liability and physical damage coverages, excess liability and other coverages, and assumed reinsurance pools.

**NI HOLDINGS, INC.
FINANCIAL SUPPLEMENT
(UNAUDITED)
AS OF DECEMBER 31, 2019**

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CONTACT INFORMATION

Corporate Headquarters Address:

1101 First Avenue North
Fargo, ND 58102
701-298-4200

Investor Inquiries:

Brian R. Doom
Chief Financial Officer
701-298-4200
bdoom@nodakins.com

Timothy J. Milius, CPA
Vice President, Finance
701-298-4275
tmilius@nodakins.com

Website Address:

www.niholdingsinc.com

About NI Holdings:

NI Holdings, Inc. (NASDAQ: NODK) is a U.S. insurance holding company, specializing in property and casualty insurance coverages primarily in the Upper Midwest. NI Holdings is the parent company of Nodak Insurance Company, which focuses on providing financial protections for owners of homes, farms, automobiles, and small businesses. NI Holdings' financial statements include the consolidated financial results of NI Holdings, its wholly-owned subsidiaries Nodak Insurance and Direct Auto Insurance Company, Nodak Insurance' wholly-owned subsidiaries American West Insurance Company and Primero Insurance Company, and Nodak Insurance' affiliate Battle Creek Mutual Insurance Company.

Direct Auto Insurance Company was acquired by NI Holdings on August 31, 2018. This Financial Supplement includes Direct Auto results from September 1, 2018 forward.

Westminster American Insurance Company was acquired by NI Holdings on January 1, 2020. This Financial Supplement excludes Westminster American prior to January 1, 2020.

NI Holdings, Inc.
Consolidated Statements of Operations
(Unaudited)

(\$ in thousands)	2019				2018				Twelve Months			4Q19 - 4Q18	4Q19 - 3Q19	2019 - 2018
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q	2019	2018	2017	% Change	% Change	% Change
Revenues:														
Net premiums earned	\$ 63,702	\$ 67,116	\$ 65,114	\$ 50,506	\$ 54,795	\$ 54,136	\$ 50,677	\$ 36,112	\$ 246,438	\$ 195,720	\$ 179,464	16.3%	-5.1%	25.9%
Fee and other income	488	527	646	464	474	5,175	470	377	2,125	6,496	1,648	3.0%	-7.4%	-67.3%
Net investment income	1,929	1,983	1,778	1,743	1,659	1,629	1,523	1,369	7,433	6,180	5,031	16.3%	-2.7%	20.3%
Net realized capital gain on investments	1,908	1,006	(227)	559	95	3,160	250	469	3,246	3,974	2,997	1908.4%	89.7%	-18.3%
Net unrealized capital gain on equity investments ⁽¹⁾	3,284	(384)	1,337	7,300	-	-	-	-	11,537	-	-	N/A	955.2%	N/A
	71,311	70,248	68,648	60,572	57,023	64,100	52,920	38,327	270,779	212,370	189,140	25.1%	1.5%	27.5%
Expenses:														
Losses and loss adjustment expenses	33,725	61,558	48,193	26,234	22,062	37,456	40,721	18,849	169,710	119,088	122,711	52.9%	-45.2%	42.5%
Underwriting and general expenses ⁽²⁾	16,333	17,291	16,940	16,694	15,700	14,738	11,802	11,877	67,258	54,117	44,423	4.0%	-5.5%	24.3%
	50,058	78,849	65,133	42,928	37,762	52,194	52,523	30,726	236,968	173,205	167,134	32.6%	-36.5%	36.8%
Income (loss) before income taxes	21,253	(8,601)	3,515	17,644	19,261	11,906	397	7,601	33,811	39,165	22,006	10.3%	347.1%	-13.7%
Income taxes	4,105	(1,642)	1,000	3,848	4,302	2,029	141	1,449	7,311	7,921	6,394	-4.6%	350.0%	-7.7%
Net income (loss)	17,148	(6,959)	2,515	13,796	14,959	9,877	256	6,152	26,500	31,244	15,612	14.6%	346.4%	-15.2%
Net income (loss) attributable to non-controlling interest	19	20	37	23	70	33	30	30	99	163	(379)	-72.9%	-5.0%	-39.3%
Net income (loss) attributable to NI Holdings, Inc.	\$ 17,129	\$ (6,979)	\$ 2,478	\$ 13,773	\$ 14,889	\$ 9,844	\$ 226	\$ 6,122	\$ 26,401	\$ 31,081	\$ 15,991	15.0%	345.4%	-15.1%
Loss and LAE ratio ⁽³⁾	52.9%	91.7%	74.0%	51.9%	40.3%	69.2%	80.4%	52.2%	68.9%	60.8%	68.4%	1260 bps	-3880 bps	810 bps
Expense ratio ⁽⁴⁾	25.6%	25.8%	26.0%	33.1%	28.7%	27.2%	23.3%	32.9%	27.3%	27.7%	24.8%	-310 bps	-20 bps	-40 bps
Combined ratio ⁽⁵⁾	78.6%	117.5%	100.0%	85.0%	68.9%	96.4%	103.6%	85.1%	96.2%	88.5%	93.1%	970 bps	-3890 bps	770 bps
Effective Tax Rate	19.3%	19.1%	28.4%	21.8%	22.3%	17.0%	35.5%	19.1%	21.6%	20.2%	29.1%	-300 bps		140 bps

Notes:

(1) Effective January 1, 2019, in accordance with a change in accounting rule, changes in unrealized gains and losses in equity securities are included in the current period statement of operations.

(2) Underwriting and general expenses include the deferral and amortization of policy acquisition costs.

(3) The loss and LAE ratio is a non-GAAP financial measure, and equals losses and loss adjustment expenses divided by net premiums earned.

(4) The expense ratio is a non-GAAP financial measure, and equals amortization of deferred policy acquisition costs and underwriting and general expenses, divided by net premiums earned.

(5) The combined ratio is a non-GAAP financial measure, and equals losses and loss adjustment expenses, amortization of deferred policy acquisition costs, and other underwriting and general expenses, divided by net premiums earned.

NI Holdings, Inc.
Consolidated Selected Data
(Unaudited)

(\$ in thousands)	2019				2018				Twelve Months			4Q19 - 4Q18 % Change	4Q19 - 3Q19 % Change	2019 - 2018 % Change
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q	2019	2018	2017			
Direct premiums written by state: ⁽⁶⁾														
North Dakota	\$ 26,418	\$ 22,803	\$ 69,502	\$ 26,231	\$ 25,159	\$ 26,778	\$ 66,661	\$ 25,163	\$ 144,954	\$ 143,761	\$ 138,950	5.0%	15.9%	0.8%
Illinois	10,562	10,035	10,706	12,352	10,307	3,765	-	-	43,655	14,072	-	2.5%	5.3%	210.2%
Nebraska	9,689	10,194	11,314	9,807	9,028	9,466	10,565	8,760	41,004	37,819	33,358	7.3%	-5.0%	8.4%
South Dakota	4,534	4,791	4,794	3,736	3,493	3,572	3,255	2,660	17,855	12,980	8,227	29.8%	-5.4%	37.6%
Nevada	1,725	2,016	3,150	2,908	2,504	2,378	2,318	1,905	9,799	9,105	6,390	-31.1%	-14.4%	7.6%
Minnesota	95	(165)	3,436	75	150	(218)	5,147	58	3,441	5,137	5,945	-36.7%	157.6%	-33.0%
Arizona	242	310	341	544	508	479	634	728	1,437	2,349	2,368	-52.4%	-21.9%	-38.8%
	<u>\$ 53,265</u>	<u>\$ 49,984</u>	<u>\$ 103,243</u>	<u>\$ 55,653</u>	<u>\$ 51,149</u>	<u>\$ 46,220</u>	<u>\$ 88,580</u>	<u>\$ 39,274</u>	<u>\$ 262,145</u>	<u>\$ 225,223</u>	<u>\$ 195,238</u>	4.1%	6.6%	16.4%
		-	-	-	-	-	-	-						
Direct premiums written by segment: ⁽⁶⁾														
Private passenger auto	\$ 18,142	\$ 17,454	\$ 19,596	\$ 18,032	\$ 16,680	\$ 15,834	\$ 18,007	\$ 16,517	\$ 73,224	\$ 67,038	\$ 60,747	8.8%	3.9%	9.2%
Non-standard auto	12,891	12,750	14,566	16,259	13,749	7,108	3,355	3,210	56,466	27,422	10,835	-6.2%	1.1%	105.9%
Home and farm	20,071	18,766	22,931	19,126	18,635	17,268	21,187	17,457	80,894	74,547	66,615	7.7%	7.0%	8.5%
Crop	(115)	(1,026)	43,405	12	33	4,051	43,421	-	42,276	47,505	49,012	-448.5%	88.8%	-11.0%
All other ⁽³⁾	2,276	2,040	2,745	2,224	2,052	1,959	2,610	2,090	9,285	8,711	8,029	10.9%	11.6%	6.6%
Total	<u>\$ 53,265</u>	<u>\$ 49,984</u>	<u>\$ 103,243</u>	<u>\$ 55,653</u>	<u>\$ 51,149</u>	<u>\$ 46,220</u>	<u>\$ 88,580</u>	<u>\$ 39,274</u>	<u>\$ 262,145</u>	<u>\$ 225,223</u>	<u>\$ 195,238</u>	4.1%	6.6%	16.4%
Net premiums earned by segment:														
Private passenger auto	\$ 17,889	\$ 17,316	\$ 16,686	\$ 16,092	\$ 16,438	\$ 15,892	\$ 15,310	\$ 14,825	\$ 67,983	\$ 62,465	\$ 55,378	8.8%	3.3%	8.8%
Non-standard auto	13,208	14,044	15,271	14,591	14,445	7,052	3,476	2,991	57,114	27,964	10,530	-8.6%	-6.0%	104.2%
Home and farm	19,221	17,908	17,253	16,789	17,701	16,237	15,621	15,118	71,171	64,677	58,395	8.6%	7.3%	10.0%
Crop	10,491	14,517	13,000	11	3,197	11,960	13,441	101	38,019	28,699	43,826	228.2%	-27.7%	32.5%
All other ⁽³⁾	2,893	3,331	2,904	3,023	3,014	2,995	2,829	3,077	12,151	11,915	11,335	-4.0%	-13.1%	2.0%
Total	<u>\$ 63,702</u>	<u>\$ 67,116</u>	<u>\$ 65,114</u>	<u>\$ 50,506</u>	<u>\$ 54,795</u>	<u>\$ 54,136</u>	<u>\$ 50,677</u>	<u>\$ 36,112</u>	<u>\$ 246,438</u>	<u>\$ 195,720</u>	<u>\$ 179,464</u>	16.3%	-5.1%	25.9%
Losses and loss adjustment expenses by segment:														
Private passenger auto	\$ 11,953	\$ 18,716	\$ 11,922	\$ 10,105	\$ 11,323	\$ 11,904	\$ 11,175	\$ 10,122	\$ 52,696	\$ 44,524	\$ 34,751	5.6%	-36.1%	18.4%
Non-standard auto	5,238	8,440	11,820	7,156	5,014	4,387	2,973	1,964	32,654	14,338	8,690	4.5%	-37.9%	127.7%
Home and farm	5,534	18,598	13,467	8,002	4,496	16,370	16,527	5,322	45,601	42,715	39,709	23.1%	-70.2%	6.8%
Crop	10,209	13,142	8,766	(26)	(925)	3,515	9,007	315	32,091	11,912	32,442	1203.7%	-22.3%	169.4%
All other ⁽³⁾	791	2,662	2,218	997	2,154	1,280	1,039	1,126	6,668	5,599	7,119	-63.3%	-70.3%	19.1%
Total	<u>\$ 33,725</u>	<u>\$ 61,558</u>	<u>\$ 48,193</u>	<u>\$ 26,234</u>	<u>\$ 22,062</u>	<u>\$ 37,456</u>	<u>\$ 40,721</u>	<u>\$ 18,849</u>	<u>\$ 169,710</u>	<u>\$ 119,088</u>	<u>\$ 122,711</u>	52.9%	-45.2%	42.5%
Loss and LAE ratios by segment: ⁽³⁾														
Private passenger auto	66.8%	108.1%	71.4%	62.8%	68.9%	74.9%	73.0%	68.3%	77.5%	71.3%	62.8%	-210 bps	-4130 bps	620 bps
Non-standard auto	39.7%	60.1%	77.4%	49.0%	34.7%	62.2%	85.5%	65.7%	57.2%	51.3%	82.5%	490 bps	-2040 bps	590 bps
Home and farm	28.8%	103.9%	78.1%	47.7%	25.4%	100.8%	105.8%	35.2%	64.1%	66.0%	68.0%	340 bps	-7510 bps	-200 bps
Crop	97.3%	90.5%	67.4%	n/a	-28.9%	29.4%	67.0%	n/a	84.4%	41.5%	74.0%	12620 bps	680 bps	4290 bps
All other ⁽³⁾	27.3%	79.9%	76.4%	33.0%	71.5%	42.7%	36.7%	36.6%	54.9%	47.0%	62.8%	-4410 bps	-5260 bps	790 bps
Total	<u>52.9%</u>	<u>91.7%</u>	<u>74.0%</u>	<u>51.9%</u>	<u>40.3%</u>	<u>69.2%</u>	<u>80.4%</u>	<u>52.2%</u>	<u>68.9%</u>	<u>60.8%</u>	<u>68.4%</u>	1270 bps	-3880 bps	800 bps

Notes:

(3) The loss and LAE ratio is a non-GAAP financial measure, and equals losses and loss adjustment expenses divided by net premiums earned.

(6) Direct premiums written is a non-GAAP financial measure, representing the amount of insurance premiums purchased by policyholders during the period.

(a) All other includes primarily commercial business owners insurance, excess liability insurance, and assumed domestic and international reinsurance programs which are intended to diversify the risk exposure of the company.