NI Holdings, Inc. Files Results for First Quarter 2019

May 8, 2019

FARGO, N.D., May 08, 2019 (GLOBE NEWSWIRE) -- NI Holdings, Inc. (NASDAQ: NODK) today reported its financial results for the quarter ended March 31, 2019.

The Company reported a 39.9 percent increase in net earned premiums for the three months ended March 31, 2019 compared to 2018, and net income attributable to NI Holdings rose to $13,773 compared to $6,122 a year ago. The total equity for NI Holdings stood at $293,455 as of March 31, 2019.

NI Holdings Q1 2019 key financial details:
Dollars in thousands, except earnings per share (unaudited)

	Q1 2019	Q1 2018	Change
Net income attributable to NI Holdings	$ 13,773	$ 6,122	+125.0%
Direct written premiums [1]	$ 55,653	$ 39,274	+41.7%
Net earned premiums	$ 50,506	$ 36,112	+39.9%
Loss and LAE ratio [2]	51.9%	52.2%	-0.3 pts
Expense ratio [3]	33.1%	32.9%	+0.2 pts
Combined ratio [4]	85.0%	85.1%	-0.1 pts
Return on average equity	19.6%	9.6%	+10.0 pts
Basic earnings per share	$ 0.62	$ 0.27	$ 0.35
Shareholders' equity	$ 293,455	$ 258,649	+13.5%

[1] Direct written premiums is a non-GAAP financial measure, representing the amount of insurance premiums purchased by policyholders during the period.

[2] Loss and LAE ratio is a non-GAAP financial measure. It equals losses and loss adjustment expenses, divided by net premiums earned.

[3] Expense ratio is a non-GAAP financial measure. It equals amortization of deferred policy acquisition costs and other underwriting and general expenses, divided by net premiums earned.

[4] Combined ratio is a non-GAAP financial measure. It equals losses and loss adjustment expenses, amortization of deferred policy acquisition costs, and other underwriting and general expenses, divided by net premiums earned.

First quarter highlights included:

- Annualized return on equity of 19.6%.
- Growth in direct written premiums of 41.7% primarily as a result of the addition of Direct Auto into our first quarter reporting.
- For the quarter, earnings per share was $0.62, up $0.35 compared to the prior year.
- Continued favorable development of the Direct Auto book of business.
- After-tax addition to our earnings of $5,767 due to the net unrealized gain in our equity securities portfolio.
- Reported combined ratio of 85.0%.

"We are pleased with our results for the first quarter of 2019," said Michael J. Alexander, President and CEO. "Net income attributable to NI Holdings was $13,773, which included an addition to earnings of $5,767 due to the improvement in our equity securities portfolio."

"Our first quarter results are a solid start to the year and reflect the impact of a more typical winter in the upper Midwest. Additional snowfall increased the losses under our property lines as we experienced a modest increase in the frequency of winter weather losses compared to a year ago. The crop lines are not material during the first quarter; however, we did experience some improvement due to positive development of the prior year's losses."

"The increase in our written premiums is a result of the continued growth in our policies inforce, rate adjustments implemented to ensure that we are getting the proper premiums for the risks we are insuring, and the addition of Direct Auto. Direct Auto contributed $10,828 of net earned premiums to first quarter 2019. Excluding Direct Auto, our net earned premiums grew nearly 10% from first quarter 2018."

Effective January 1, 2019, the market fluctuations attributable to equity securities are included in the Company's results of operations. The pre-tax market fluctuation in equity securities of $7,300 is included in net capital gain on investments in our statement of operations for first quarter 2019. After-tax, this amount is $0.26 earnings per share. Prior to adoption of this accounting pronouncement, net unrealized gains on equity securities were

recorded in accumulated other comprehensive income. Net unrealized gains on fixed income securities continue to be recorded in accumulated other comprehensive income.

Shareholders' equity increased $17,702 from December 31, 2018 to March 31, 2019. Net income of $13,796 was joined by a substantial rebound in our accumulated other comprehensive income as investor sentiment toward future interest rate actions became more favorable. The Company repurchased 100 shares of common stock for $2 during the first quarter of 2019.

Earnings Conference Call

The Company will not hold an earnings conference call for first quarter 2019. Our Quarterly Report on Form 10-Q as filed with the SEC is available on the Company's website at http://www.niholdingsinc.com. Our latest Financial Supplement is also available on the Company's website.

Non-GAAP Financial Measures

NI Holdings evaluates its insurance operations in the way it believes will be most meaningful and representative of its business results. Some of these measurements are "non-GAAP financial measures" under Securities and Exchange Commission rules and regulations. GAAP is the acronym for "accounting principles generally accepted in the United States of America". The non-GAAP financial measures that NI Holdings presents may not be compatible to similarly-named measures reported by other companies. The non-GAAP financial measures described in this press release are used widely in the property and casualty insurance industry.

About the Company

NI Holdings, Inc. is an insurance holding company. The company is a North Dakota business corporation that is the stock holding company of Nodak Insurance Company and became such in connection with the conversion of Nodak Mutual Insurance Company from a mutual to stock form of organization and the creation of a mutual holding company. The conversion was consummated on March 13, 2017. Immediately following the conversion, all of the outstanding shares of common stock of Nodak Insurance Company were issued to Nodak Mutual Group, Inc., which then contributed the shares to NI Holdings in exchange for 55% of the outstanding shares of common stock of NI Holdings. Nodak Insurance Company then became a wholly-owned stock subsidiary of NI Holdings.

NI Holdings completed the acquisition of Direct Auto Insurance Company on August 31, 2018, which is a wholly-owned stock subsidiary of NI Holdings.

Nodak Insurance Company owns American West Insurance Company and Primero Insurance Company. Nodak Insurance Company also manages Battle Creek Mutual Insurance Company and reinsures 100% of the risk on all insurance policies issued by Battle Creek. NI Holdings' financial statements are the consolidated financial results of NI Holdings; Nodak Insurance, including Nodak Insurance's wholly-owned subsidiaries American West and Primero, and its affiliate Battle Creek; and Direct Auto.

Safe Harbor Statement

Some of the statements included in this news release, particularly those anticipating future financial performance, business prospects, growth and operating strategies, and similar matters, are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Actual results could vary materially. Factors that could cause actual results to vary materially include: our ability to maintain profitable operations, the adequacy of the loss and loss adjustment expense reserves, business and economic conditions, interest rates, competition from various insurance and other financial businesses, terrorism, the availability and cost of reinsurance, adverse and catastrophic weather events, legal and judicial developments, changes in regulatory requirements, our ability to integrate and manage successfully the insurance companies we may acquire from time to time, and other risks we describe in the periodic reports we file with the Securities and Exchange Commission. You should not place undue reliance on any such forward-looking statements. We disclaim any obligation to update such statements or to announce publicly the results of any revisions that we may make to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

For a detailed discussion of the risk factors that could affect our actual results, please refer to the risk factors identified in our SEC reports, including, but not limited to our Annual Report on Form 10-K, as filed with the SEC.

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Nodak Insurance Company

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