

NI Holdings, Inc.

NI Holdings, Inc. (NODK)
Financial Supplement as of March 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 MARCH 31, 2019**

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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.

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

(\$ in thousands)	2019		2018				Twelve Months		1Q19 - 1Q18 % Change	1Q19 - 4Q18 % Change
	1Q	4Q	3Q	2Q	1Q	2018	2017			
Revenues:										
Net premiums earned	\$ 50,506	\$ 54,795	\$ 54,136	\$ 50,677	\$ 36,112	\$ 195,720	\$ 179,464	39.9%	-7.8%	
Fee and other income	464	474	5,175	470	377	6,496	1,648	23.1%	-2.1%	
Net investment income	1,743	1,659	1,629	1,523	1,369	6,180	5,031	27.3%	5.1%	
Net realized capital gain on investments	559	95	3,160	250	469	3,974	2,997	19.2%	488.4%	
Net unrealized capital gain on equity investments ⁽¹⁾	7,300	-	-	-	-	-	-	N/A	N/A	
	<u>60,572</u>	<u>57,023</u>	<u>64,100</u>	<u>52,920</u>	<u>38,327</u>	<u>212,370</u>	<u>189,140</u>	58.0%	6.2%	
Expenses:										
Losses and loss adjustment expenses	26,234	22,062	37,456	40,721	18,849	119,088	122,711	39.2%	18.9%	
Underwriting and general expenses ⁽²⁾	16,694	15,923	14,076	11,802	11,877	53,678	44,423	40.6%	4.8%	
	<u>42,928</u>	<u>37,985</u>	<u>51,532</u>	<u>52,523</u>	<u>30,726</u>	<u>172,766</u>	<u>167,134</u>	39.7%	13.0%	
Income (loss) before income taxes	17,644	19,038	12,568	397	7,601	39,604	22,006	132.1%	-7.3%	
Income taxes	3,848	4,079	2,691	141	1,449	8,360	6,394	165.6%	-5.7%	
Net income (loss)	<u>13,796</u>	<u>14,959</u>	<u>9,877</u>	<u>256</u>	<u>6,152</u>	<u>31,244</u>	<u>15,612</u>	124.3%	-7.8%	
Net income (loss) attributable to non-controlling interest	23	70	33	30	30	163	(379)	-23.3%	-67.1%	
Net income (loss) attributable to NI Holdings, Inc.	<u>\$ 13,773</u>	<u>\$ 14,889</u>	<u>\$ 9,844</u>	<u>\$ 226</u>	<u>\$ 6,122</u>	<u>\$ 31,081</u>	<u>\$ 15,991</u>	125.0%	-7.5%	
Loss and LAE ratio ⁽³⁾	51.9%	40.3%	69.2%	80.4%	52.2%	60.8%	68.4%	-30 bps	1160 bps	
Expense ratio ⁽⁴⁾	33.1%	29.1%	26.0%	23.3%	32.9%	27.4%	24.8%	20 bps	400 bps	
Combined ratio ⁽⁵⁾	85.0%	69.3%	95.2%	103.6%	85.1%	88.3%	93.1%	-10 bps	1570 bps	
Effective Tax Rate	21.8%	21.4%	21.4%	35.5%	19.1%	21.1%	29.1%	270 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		1Q19 - 1Q18	1Q19 - 4Q18
	1Q	4Q	3Q	2Q	1Q	2018	2017	% Change	% Change
Direct premiums written by state: ⁽⁶⁾									
North Dakota	\$ 26,231	\$ 25,159	\$ 26,778	\$ 66,661	\$ 25,163	\$ 143,761	\$ 138,950	4.2%	4.3%
Illinois	12,352	10,307	3,765	-	-	14,072	-	N/A	19.8%
Nebraska	9,807	9,028	9,466	10,565	8,760	37,819	33,358	12.0%	8.6%
South Dakota	3,736	3,493	3,572	3,255	2,660	12,980	8,227	40.5%	7.0%
Nevada	2,908	2,504	2,378	2,318	1,905	9,105	6,390	52.7%	16.1%
Minnesota	75	150	(218)	5,147	58	5,137	5,945	29.3%	-50.0%
Arizona	544	508	479	634	728	2,349	2,368	-25.3%	7.1%
	<u>\$ 55,653</u>	<u>\$ 51,149</u>	<u>\$ 46,220</u>	<u>\$ 88,580</u>	<u>\$ 39,274</u>	<u>\$ 225,223</u>	<u>\$ 195,238</u>	41.7%	8.8%
Direct premiums written by segment: ⁽⁶⁾									
Private passenger auto	\$ 18,032	\$ 16,680	\$ 15,834	\$ 18,007	\$ 16,517	\$ 67,038	\$ 60,747	9.2%	8.1%
Non-standard auto	16,259	13,749	7,108	3,355	3,210	27,422	10,835	406.5%	18.3%
Home and farm	19,126	18,635	17,268	21,187	17,457	74,547	66,615	9.6%	2.6%
Crop	12	33	4,051	43,421	-	47,505	49,012	N/A	-63.6%
All other ^(a)	2,224	2,052	1,959	2,610	2,090	8,711	8,029	6.4%	8.4%
Total	<u>\$ 55,653</u>	<u>\$ 51,149</u>	<u>\$ 46,220</u>	<u>\$ 88,580</u>	<u>\$ 39,274</u>	<u>\$ 225,223</u>	<u>\$ 195,238</u>	41.7%	8.8%
Net premiums earned by segment:									
Private passenger auto	\$ 16,092	\$ 16,438	\$ 15,892	\$ 15,310	\$ 14,825	\$ 62,465	\$ 55,378	8.5%	-2.1%
Non-standard auto	14,591	14,445	7,052	3,476	2,991	27,964	10,530	387.8%	1.0%
Home and farm	16,789	17,701	16,237	15,621	15,118	64,677	58,395	11.1%	-5.2%
Crop	11	3,197	11,960	13,441	101	28,699	43,826	-89.1%	-99.7%
All other ^(a)	3,023	3,014	2,995	2,829	3,077	11,915	11,335	-1.8%	0.3%
Total	<u>\$ 50,506</u>	<u>\$ 54,795</u>	<u>\$ 54,136</u>	<u>\$ 50,677</u>	<u>\$ 36,112</u>	<u>\$ 195,720</u>	<u>\$ 179,464</u>	39.9%	-7.8%
Losses and loss adjustment expenses by segment:									
Private passenger auto	\$ 10,105	\$ 11,323	\$ 11,904	\$ 11,175	\$ 10,122	\$ 44,524	\$ 34,751	-0.2%	-10.8%
Non-standard auto	7,156	5,014	4,387	2,973	1,964	14,338	8,690	264.4%	42.7%
Home and farm	8,002	4,496	16,370	16,527	5,322	42,715	39,709	50.4%	78.0%
Crop	(26)	(925)	3,515	9,007	315	11,912	32,442	-108.3%	97.2%
All other ^(a)	997	2,154	1,280	1,039	1,126	5,599	7,119	-11.5%	-53.7%
Total	<u>\$ 26,234</u>	<u>\$ 22,062</u>	<u>\$ 37,456</u>	<u>\$ 40,721</u>	<u>\$ 18,849</u>	<u>\$ 119,088</u>	<u>\$ 122,711</u>	39.2%	18.9%
Loss and LAE ratios by segment: ⁽³⁾									
Private passenger auto	62.8%	68.9%	74.9%	73.0%	68.3%	71.3%	62.8%	-550 bps	-610 bps
Non-standard auto	49.0%	34.7%	62.2%	85.5%	65.7%	51.3%	82.5%	-1660 bps	1430 bps
Home and farm	47.7%	25.4%	100.8%	105.8%	35.2%	66.0%	68.0%	1250 bps	2230 bps
Crop	n/a	-28.9%	29.4%	67.0%	n/a	41.5%	74.0%	n/a	n/a
All other ^(a)	33.0%	71.5%	42.7%	36.7%	36.6%	47.0%	62.8%	-360 bps	-3850 bps
Total	<u>51.9%</u>	<u>40.3%</u>	<u>69.2%</u>	<u>80.4%</u>	<u>52.2%</u>	<u>60.8%</u>	<u>68.4%</u>	-30 bps	1170 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.